GC RIEBER SHIPPING ASA

ANNUAL REPORT 2012

GC RIEBER

/ GC RIEBER SHIPPING AT A GLANCE

- GC Rieber Shipping is an international offshore/ shipping company with ownership in specialized vessels, high quality marine ship management and project development within the segments subsea, marine seismic and ice/support.
- GC Rieber Shipping started its shipping activities in the 1930s, and offers unique competence within offshore operations in harsh environments, as well as design, development and maritime operation of seismic vessels
- GC Rieber Shipping currently operates 15 advanced purpose vessels for defined markets, of which 11 are owned by the company
- GC Rieber Shipping has two high capacity vessels under construction for delivery in the first quarter of 2014 and 2015 respectively, with option of two additional vessels
- GC Rieber has a 50 percent stake in the subsea service company Reef Subsea, a joint venture between GC Rieber Shipping and the private equity company HitecVision
- GC Rieber Shipping is headquartered in Bergen (Norway), and has ship management companies in Sevenoaks (UK) and Yuzhno-Sakhalinsk (Russia)
- GC Rieber Shipping's ambition is to be an innovative shipping partner for world leading companies in its selected offshore segments focusing on operations in demanding waters
- GC Rieber Shipping has a strong focus on QHSE, and the basis for the company's operational goals is to prevent personal injuries and damage to the environment and property

/ FLEET PORTFOLIO

/ HMS PROTECTOR
Purpose built in 2001 for long duration Antarctic expeditions and offshore subsea support duties, DP2 class

/ POLAR PRINCE
DP 2 subsea support vessel designed in-house and built in 1999

/ POLAR PEVEK
Icebreaking tug built in 2006, to support shuttle tankers in harsh weather conditions

/ RRS ERNEST SHACKLETON
A polar research and subsea support vessel built in 1995

/ GEO ATLANTIC
A high capacity 3D seismic vessel, built in 2000 and converted in 2006

/ POLAR KING
IMR/ CSV subsea vessel of Skipsteknisk ST-254L CD design built in 2011

/ POLAR QUEEN
IMR/ CSV subsea vessel of Skipsteknisk ST-254L CD design built in 2011

/ POLAR DUKE
A 3D high capacity seismic vessel with 14 streamers built in 2011

/ POLAR DUCHESS
A 3D high capacity seismic vessel with 14 streamers built in in 2011

/ POLAR PILTUN
Crew boat to serve various oilrigs, built in 1998 and re-built in 2009

/ POLAR BAIKAL
Crew boat to serve various oilrigs, built in 2000 and re-built in 2009

/ SUBSEA NEWBUILD - HN 300 - POLAR ONYX
Advanced, high-capacity CSV subsea vessel, expected delivery Q1 2014

/ SEISMIC NEWBUILD
Advanced 3D seismic vessel with 22 streamers and ice-class 1A*, expected delivery Q1 2015

HIGHLIGHTS 2012

/ HIGHLIGHTS 2012

SAFE AND SOUND OPERATIONS

- Strong focus on QHSE affects operations positively
- Two Lost Time Incidents (LTI), resulting in work absence registred in 2012
- Capacity utilization of 94 percent in 2012 confirms GC Rieber Shipping as a preferred vessel provider/ partner
- Solid and balanced contract coverage is secured with 98 percent for 2013 and 71 percent for 2014, yielding a good foundation for operations in the coming years

FINANCIAL SOLIDITY PROVIDES NEW OPPORTUNITIES

- Revenues of NOK 781.2 million, and a result of NOK 199.2 million
- Leverage of 50 percent and liquidity reserve of NOK 246.2 million, gives market advantage in a market situation with more restrictive access to bank financing and higher margins

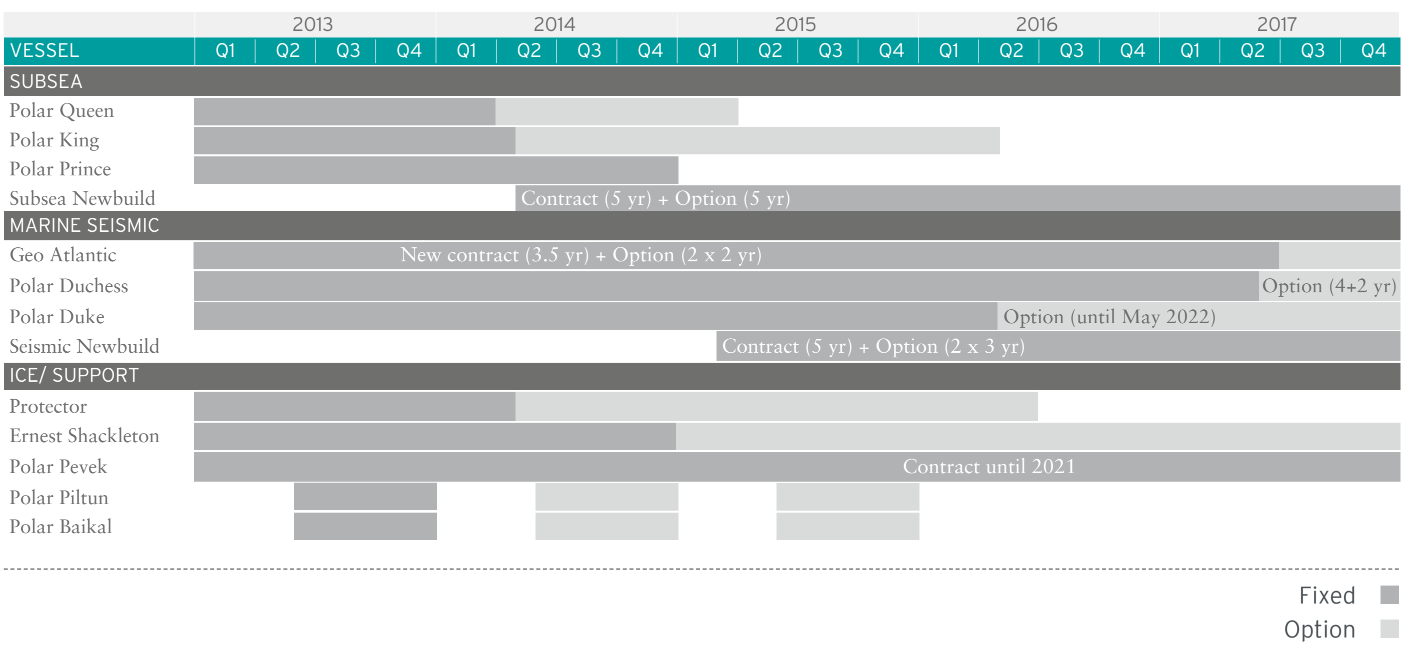
STRENGTHENING THE FLEET

- Acquisition of Armada Seismic, by giving a voluntary offer to the minority shareholders for acquiring all outstanding shares, to strengthen the company's seismic fleet
- Contracting of a new high capacity subsea vessel from Ulstein Verft. The newbuild, which is scheduled for delivery in the first quarter 2014, represents a total investment of about NOK 800 million. The contract includes an option of one additional vessel of the same type

KEY EVENTS AFTER YEAR END

- Sale of 2D seismic vessel "Polar Explorer"
- Contracting of a new high capacity 3D seismic vessel with ice-class 1A* from Kleven Verft, representing an investment of about NOK 700 million. The contract includes an option of one additional vessel of the same type. Dolphin Geophysical has contracted the vessel for a fixed period of five years, from expected delivery in March 2015.
- Secured long-term loan agreement of USD 43 million with Handelsbanken
- Time charter agreement with Ceona Services (UK) Limited for the high capacity subsea newbuild for a fixed period of 5 years, with options for up to five years

CONTRACT BACKLOG



/ ANALYTICAL INFORMATION

Operating income, EBITDA, normalized pretax profit and equity ratio.

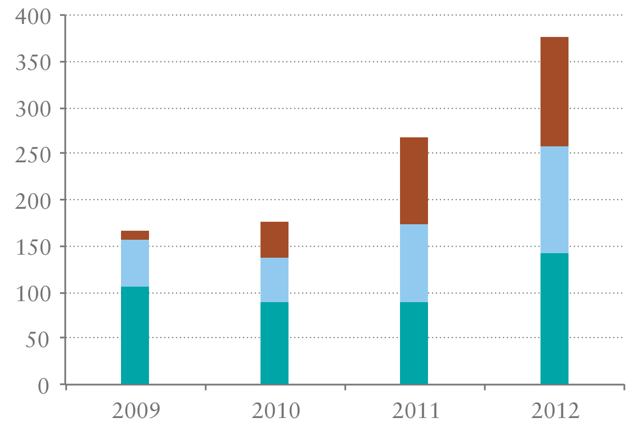
Marine Seismic
Ice/Support
Subsea

OPERATING INCOME / ANNUAL DEVELOPMENT

NOK million

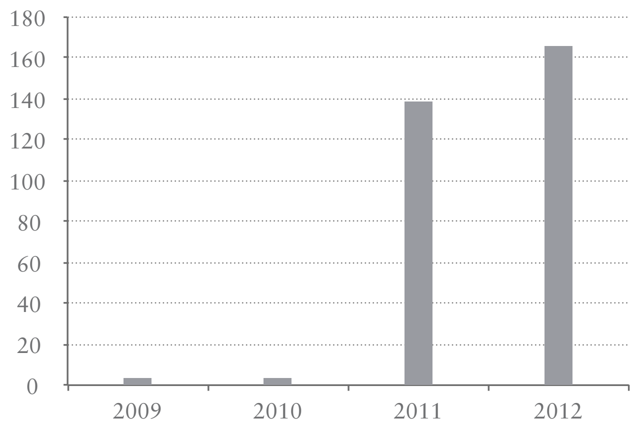
EBITDA / ANNUAL DEVELOPMENT

NOK million



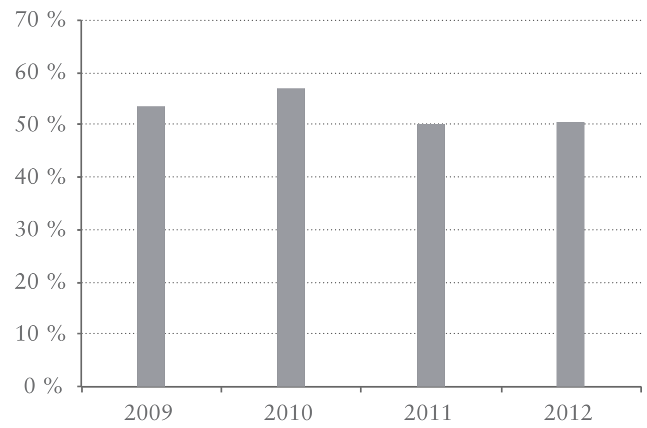
NORMALIZED PROFIT / ANNUAL DEVELOPMENT

NOK million



EQUITY RATIO / ANNUAL DEVELOPMENT

Percent (%)



/ KEY FINANCIAL FIGURES

The GC Rieber Shipping group	2012	2011	2010	2009
Income Statement figures (in NOK 1000)				
OPERATIONS				
Operating income	781 160	625 787	561 226	668 455
Operating expenses	(404 423)	(358 772)	(385 301)	(501 192)
EBITDA	376 736	267 015	175 925	167 263
Depreciation	(163 203)	(147 517)	(130 417)	(117 284)
Write-downs	(18 543)	(2 571)	(92 742)	(50 385)
Gain (loss) on sale of subidiary	19 137	-	-	-
Gains (losses) on sale of fixed assets	-	969	293 548	-
EBIT	214 127	117 897	246 313	(405)
Net financial items	(4 567)	(8 511)	(38 153)	(60 773)
- whereof unrealized currency gains/losses	43 253	(15 014)	29 376	8 668
- whereof profit from associated companies	(4 139)	(17 944)	(34 938)	(34 819)
Profit before taxes	209 560	109 386	208 160	(61 179)
Net profit	179 947	114 761	146 972	78 062
PROFIT FOR THE YEAR				
Profit for the year	179 947	114 761	146 972	78 062
Minority share	19 227	(3 611)	1 735	38 441
Profit after minority share	199 174	111 150	148 707	116 503
Normalized profit (1)	165 650	138 882	3 728	3 020
Balance Sheet figures (in NOK 1000)				
Fixed assets	3 051 457	3 227 513	2 438 990	2 259 382
Current assets	494 049	633 405	724 225	621 146
Equity	1 795 092	1 913 770	1 794 292	1 545 026
Long-term liabilities	1 276 704	1 597 557	860 576	1 012 092
Current liabilities	473 710	349 591	508 347	323 409
Total equity and liabilities	3 545 505	3 860 918	3 163 214	2 880 528
Financial key figures				
Equity ratio (2)	51 %	50 %	57 %	54 %
Equity per share (3)	41	39	37	34
Interest bearing debt	1 609 092	1 727 234	1 136 518	1 070 554
Bank deposits and liquid assets	246 192	458 951	532 395	361 816
Number of years to repay interest bearing debt (4)	4,1	4,4	4,5	5,9
Profitability				
EBITDA margin	48,2%	42,7%	31,3%	25,0%
Return on equity (5)	10,7%	6,0%	8,9%	7,6%
Return on total assets (6)	7,5%	4,7%	6,4%	5,3%
Earnings per share (7)	4,56	2,55	3,41	2,67
Weighted average number of shares	43 662 000	43 662 000	43 659 432	43 630 882

Definitions:
1) Profit before taxes from continuing operations adjusted for unrealized currency gains/losses, sales gains and write-downs (incl. write-downs in associated companies)
2) Equity per 31.12 less minority interests divided by total equity & liabilities per 31.12
3) Equity per 31.12 divided by number of outstanding shares per 31.12
4) Interest bearing debt less bank deposits and liquid assets, divided by cash flow
5) Net profit divided by average equity
6) Net profit + financial expenses, divided by average total assets
7) Net profit divided by average number of shares outstanding

CEO LETTER

/ TRADITIONS AND AMBITIONS

Strong demand for advanced vessels in the seismic, subsea and ice/support segments lead to a strong performance in 2012. Fleet expansion on back of a strong financial platform combined with a strong market outlook paves the way for a good 2013.

The year 2012 was an exciting and eventful year for GC Rieber Shipping. We experienced good and steady operations and markets developed more or less as projected.

One year ago I wrote that positive signals were starting to unfold and that both marine seismic and subsea were promising segments. Today, I am pleased to observe that GC Rieber Shipping made several important steps to strengthen our position on all three business segments; seismic, subsea and ice/support.

Our unique role as an innovator in all three of our operating segments enabled us to drive consistent, long-term profitable growth. In 2012 we added NOK 155 million of revenue to reach NOK 781 million – up approximately 25 percent year over the year with growth in all three segments. EBITDA of NOK 377 million is the best EBITDA result in the company's history.

HIGH INVESTMENT ACTIVITY

In May, we offered to acquire all outstanding shares in Armada Seismic and some weeks later we successfully took over the seismic company hereby increasing our marine seismic exposure further.

In June, we ordered a new high capacity subsea vessel from Ulstein Verft with an option of one additional vessel, representing a total investment of approximately NOK 800 million. The investment is consistent with our strategy to strengthen our position in the high end subsea segment.

In the beginning of 2013, we have followed up last year's activities by ceasing attractive business opportunities in both the seismic and subsea segments:

In February, we entered into an agreement with Kleven Verft to build a new 22 streamer 3D seismic vessel with ice-class 1A*. The vessel is to be contracted to the seismic company Dolphin Geophysical for a fixed period of five years upon delivery from the yard in March 2015.

In March, we entered into a time charter agreement with Ceona Services (UK) Limited for the high capacity subsea newbuild ordered in June last year. The contract is for a fixed period of 5 years, upon delivery from Ulstein Verft in the first quarter of 2014. The contract also includes options to extend for up to five years.

A PRUDENT CULTURE

When I stepped into the CEO role two years ago, the leadership team reaffirmed a simple concept that I knew was true from my experience; GC Rieber Shipping is a prudent and financially conservative player. This platform shapes the long-term financial goals GC Rieber Shipping outlined many years ago.

The investment and acquisition activity in 2012 and into 2013 is made possible due to this financial strategy, which tends to be combined with an opportunistic and assertive market strategy. GC Rieber Shipping aims at an equity ratio of 50 percent to be able to cease opportunities that we see fit. We acknowledge that this is a conservative strategy, but our experience is that it allows us to be countercyclical in a very volatile market.

Our focus has been on profitable growth in our core business, and the fiscal 2012 illustrated the power of our financial model in combination with a clear investment strategy and a strong culture for innovation and solid operation. The strength of our team, the ability of GC Rieber Shipping to bring innovative products to the market place together with financial ability has made new and important steps possible.

LOOK TO THE NORTH

There is no question that the oil industry is rapidly changing, and GC Rieber Shipping is at the heart of the major market transitions underway. We believe that our long-term strategy, which is focused on marine seismic, subsea and ice/support is the right one to help our customers achieve their top priorities and will fuel their and our success over the long run.

GC Rieber Shipping's long term history is strongly linked to the polar areas, which given the general focus on the Arctic in the years ahead is considered a great opportunity.

As the High North has high political priority both in Norway and by other nations we expect this focus to gradually spur activity in the Arctic. Norway and Russia are today the two countries in Arctic Europe that are intensifying petroleum activity in the north. GC Rieber Shipping is present in both countries.

Last year, the International Energy Agency (IEA) estimated that world demand for energy will increase by 40 percent by 2030 and hydrocarbons will be the main energy source for many years. According to US Geological Survey (USGS) estimates, undiscovered recoverable petroleum resources in the Arctic could amount to as much as 22 percent of the world's total.

Consequently, many countries are becoming increasingly aware of the challenges and potential of this region.

While there have been setbacks over the past year related to specific Arctic projects, we believe this is only temporary setbacks. Although the pace and feasibility of increased activity is still uncertain, we believe that the long term petroleum activity in the North will grow steadily. We believe that science and knowledge are key in order to secure sustainable development in the Arctic, and our goal is to contribute to a safe, sustainable and prosperous development in this region. The reputation of the industry is not stronger then it's weakest link, and it is therefore in everyone's interest that any development in this region moves at a sustainable pace, driven by companies with the relevant competence, assets and technology.

CAPABLE PEOPLE AND ADVANCED VESSELS

As we enter fiscal 2013 we are well-positioned for the future. More than ever the GC Rieber Shipping story involves the commitment to innovate for a more efficient oil service industry.

We are very focused on creating solutions that reduce their environmental impact and showcase sustainable innovation. We are committed to contributing to improve working conditions in the marine seismic, subsea and ice/support segments, not as a volume player, but as a specialized niche company.

As shallow water prospects are harder to find and to access, the oil industry has been forced to search in new frontiers and push towards deepwater and harsh environments. GC Rieber Shipping has capable people and the advanced vessels to assist in this very important quest.

Irene Waage Basili
CEO


POLAR DUCHESS

THE GC RIEBER SHIPPING GROUP

/ THIS IS GC RIEBER SHIPPING

GC Rieber Shipping's business within offshore/shipping business includes ownership in specialised vessels, high quality marine ship management and project development within the segments subsea, marine seismic and ice/support. The group has a unique competence in harsh environment offshore operations as well as in the design, development and maritime operation of seismic vessels.

GC Rieber Shipping currently operates fifteen advanced multi-functional special-purpose vessels within defined markets, whereof eleven are owned by the group. The company has ordered two additional high-end newbuilds, expected for delivery at the end of first quarter 2014 and 2015 respectively. The group also has a strategic related investment, with 50 percent ownership in Reef Subsea.

The company has a simple and flexible organization, with an experienced management team and an organization positioned for further growth. In total, 167 man-years are employed, and they run a high quality fleet with stable operations and limited off-hire periods. The company has a solid contract coverage, good liquidity and low leverage, and their well-established bank relations ensure access to long-term financing at favorable terms.

The company culture promotes knowledge sharing between the various departments within the company. The combination of strong project development competence, leading shipping competence within the company's niches, well established culture for trend detection and strong financial competence provides the platform for continual innovation, rightly timed decisions and professional project completion and portfolio management.

GC Rieber Shipping has through the company's history documented the ability to create value from the built-up competence and visualize the values created. Successful counter-cyclical and early-cyclical investments have provided substantial returns. The company's strong financial position enables them to consider new investment opportunities. GC Rieber Shipping has identified the following key strategic objectives in order to fulfill its ambition of being an innovative shipping partner for world leading companies in its selected offshore segments focusing on operations in demanding waters:

- Continuously improve our performance by attracting and developing highly qualified, trained and motivated personnel

- Demonstrate high class QHSE performance by taking responsibility and deliver a high standard of safety, quality and proficiency in all levels of the organization, and at the same time minimize our impact on environment and property

- Optimizing operations and added value to our customers by supplying vessels, equipment and personnel with leading technology, systems and necessary skills

- Strengthen activities within the marine seismic segment through ownership and ship management of high-quality 3D seismic vessels

- Utilize the long-term growth market for subsea installations by developing, owning and operating high-quality subsea IMR and construction vessels (CSV), as well as continue the company's engagement in Reef Subsea.

- Strengthen the company's position within ice/support operations in harsh and challenging environments

- Project oriented approach to new activities that build on the Group's core competence

GC Rieber Shipping is headquartered in Bergen (Norway), and has ship management companies providing an international presence in Sevenoaks (United Kingdom) and Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Stock Exchange with the ticker "RISH". The largest shareholder is GC Rieber AS, which holds 70.44 percent of the stake in the company. GC Rieber AS is a privately owned company with long-term active ownership within a range of core businesses.

OUR BUSINESS AND MARKETS

/ OUR BUSINESS AND MARKETS

GC Rieber Shipping is organized in three business areas, which in the financial segment reporting are treated as three separate segments; Subsea, Ice/ Support and Marine Seismic.

The group has a clearly defined strategy on project development and possible disposal of part businesses if this is evaluated to be strategically right, and beneficial for the purpose of visualizing the values created. As a consequence, the contents of GC Rieber Shipping's business areas will vary over time.

BUSINESS AREAS	ACTIVITIES AND ASSETS	CATEGORY	STAKE
SUBSEA	SUBSEA VESSELS / Owns and operates three vessels / One advanced CSV newbuilding with delivery 2014	CORE	100%
	SUBSEA SUPPORT REEF SUBSEA	RELATED INVESTMENT	50%
ICE / SUPPORT	ICE / SUPPORT / Owns and operates three vessels Oil support – Sakhalin; Research – Antarctica. / Two crew boats operating in the Sakhalin II field	CORE	50-100%
MARINE SEISMIC	SEISMIC VESSELS / Owns and operates three 3D vessels / One advanced 3D newbuilding with delivery 2015	CORE	100%
	SHIP MANAGEMENT / Operates offshore vessels for other owners	CORE	100%
	RESERVOIR MONITORING (IOR) OCTIO GROUP	RELATED INVESTMENT	8%

SUBSEA

GC Rieber Shipping has been involved in worldwide offshore exploration and development with dynamically positioned subsea support vessels since the early 1980s. The company's subsea business involves worldwide offshore exploration and development with dynamically positioned subsea support vessels.

Currently, GC Rieber Shipping owns and operates three subsea vessels, and has the ship management for two vessels for other owners. The vessels are primarily used for inspection, maintenance and repair of subsea installations. The company also has one advanced high-capacity newbuild under construction, scheduled for delivery in the first quarter of 2014.

MARINE SEISMIC

Ownership and operation of seismic vessels has been part of GC Rieber Shipping's activities since the late 1960s. Through decades, a unique competence in offshore operations under harsh environments has been acquired, as well as design, development and maritime operation of seismic vessels. The company has obtained an extensive experience from operations around the globe, including the Canadian High Arctic and Antarctica.

Currently, the marine seismic segment comprises ownership of three vessels and ship management of two vessels for other owners. Recently, one additional advanced, high capacity seismic vessel was ordered, which is expected to be delivered in the first quarter 2015.

ICE/ SUPPORT

GC Rieber Shipping has a long history in the expedition market, and is one of very few specializing in the Arctic and Antarctic shipping business, offering independent and competitive services for scientific expeditions and logistics. The company has held contracts with organizations representing all the major nations that are active in these demanding regions. Currently, the group owns and operates three specialized vessels, as well as two crew boats.

The polar expedition vessels are developed to combine the ice-going markets with the more commercial offshore subsea and survey markets. The company's commercial proposals for the ice-going markets are often extremely flexible and competitive due to their ability to offer long-term seasonal contracts, whereby a vessel can be on charter to a customer every winter for several years, while it is traded commercially during the summer months.

The major business opportunities are related to oil exploration and production in the Arctic environment. There is an increasing activity, yet the market is at an early phase. Even though there are uncertainties related to when, it is certain that this market will pick up substantially. However, given the harsh and complex environments, the development should progress at a reasonable pace.

POSITIVE MARKET OUTLOOK

As a supplier to the oil service companies in connection to exploration and extraction services in the oil and gas industry, GC Rieber Shipping's activities within all business segments are closely linked to the development of the energy markets. The development in oil prices is the most vital driver for the exploration and extraction activities, and consequently the most important single factor for the group's development in addition to the supply and demand balance of the fleet. In addition, the offshore exploration and production industry is facing a great technological challenge, to extending its capabilities to exploit the discoveries in mature or extreme harsh areas. Thus, given that the oil prices will remain high, the outlook for GC Rieber Shipping's market segments is considered good.

Operations in the subsea market have picked up, and the activity is good. The seismic market is experiencing a tendency of consolidation, at the same time as demand for seismic vessels are increasing. In both markets, demand is stable and good. However, as the activities of operations in harsh and deep waters are increasing, more advanced and flexible vessels are requested. Thus, GC Rieber Shipping is positioning itself in the more challenging niches of the offshore market.

The advanced newbuild vessels currently under construction are part of the company's ongoing fleet renewal, and represents major growth opportunities of the seismic and subsea industry today. The newbuilds, together with the unique knowledge of operations under harsh environments, enable the company to strengthen its position within the value chain in terms of complexity and capacity.

A solid and balanced contract coverage is secured, yielding a good foundation for operations in the coming years. Motivated by the positive outlook for the oil sector, GC Rieber Shipping will consider new investments based on the group's core competence, to further strengthen its strong fleet of advanced vessels. Hence, GC Rieber Shipping has a solid platform for growth in an exciting market going forward.

RELATED INVESTMENTS

Through its related investment Reef Subsea, GC Rieber Shipping gets access to important competence, which can provide a platform for further expansions in the value chain within oil service.

REEF SUBSEA

Reef Subsea is an international group providing specialist subsea services to the oil & gas and renewables industries. The company was established in January 2010, through a 50/50 joint venture agreement between GC Rieber Shipping and the private equity company HitecVision.

Reef Subsea has since 2010 been in a build-up phase during which several companies have been acquired, and has now grown to become a market player offering services within the three segments “IMR & light construction”, “Power and Umbilicals” and “Dredging & Excavation”. The company operates mainly from Northern Europe (UK and Norway) and Singapore. Their combined capabilities, entrepreneurship and expertise provide clients with cost-effective, professional solutions for their complex field development projects.

July 2012, the company was awarded a major contract with Gwynt y Môr Offshore Wind Farm Ltd, worth approximately GBP 40 million, for installation and burial of the array cables to one of the largest offshore wind farms under construction in the world.

Another major contract was secured in December 2012, when Statoil awarded Reef Subsea a contract for the full seismic system installation of the Grane field offshore Norway. The contract is worth NOK 200 million, and will involve all of the capabilities of the Reef Subsea Group to facilitate increased oil recovery from the Grane field.

These two contracts marks an important milestone for the company and cements the company’s position as a key player in the market for the subsea industry in the coming years if the announced developments go ahead. The market outlook for Reef Subsea is considered good, as the company is well positioned with a comprehensive portfolio going forward.

/ HISTORIC TIMELINE

1930s:	Shipping activities begin
1950s:	Ice and polar research deployment
1960s:	Seismic deployment
1970s:	Arctic seismic exploration
1980s:	Offshore Subsea Support
1998:	Demerger from GC Rieber, IPO and listing on Oslo Børs
2005-2007:	Demerger of seismic activities: - Exploration Resources (2005) - Arrow Seismic (2007)
2008:	Value chain expansion within subsea
2009:	Fleet renewal initiated
	Re-establishment in seismic
2010:	Reef Subsea established
2011:	Completion of Fleet Renewal Programme of NOK 1.6 billion
2012:	Acquisition of outstanding shares in Armada Seismic
	Contracting of new high-capacity CSV subsea vessel
2013:	Contracting of new advanced 3D seismic vessel

/ OUR VESSELS

/ HMS PROTECTOR
The “HMS Protector” (formerly “Polarbjørn”) was purpose-built in 2001 for long duration Antarctic expeditions and offshore subsea support duties. With large public areas, accommodation capacity, helicopter deck and DP2 class, the vessel is well suited for undertaking floatel- and base ship functions on offshore fields and other operations. The vessel’s 60 ton knuckle boom crane and the A-frame offer efficient solutions for handling equipment over the side and over the stern.

The vessel is on contract to the UK Ministry of Defence (MoD) until May 2014, and is functioning as an ice patrol ship for the Royal Navy in the South Atlantic and the Antarctic.

/ POLAR PRINCE
The “Polar Prince” is a DP 2 subsea support vessel designed in-house and built in 1999. The vessel has since its delivery been chartered by several major subsea contractors for inspection, maintenance and repair duties (IMR) on subsea installations. The “Polar Prince” has undertaken heavy-duty ROV and construction support duties at water depths in excess of 3000m.

The vessel is currently on charter to subsea contractor Reef Subsea, expiring in 2014.

/ POLAR PEVEK
The “Polar Pevek” represents a new generation icebreaking tug, purpose-built to provide support for shuttle tankers in harsh weather conditions on the Sakhalin I project off eastern Russia. The vessel was built in 2006. “Polar Pevek” is owned through a 50/50 joint venture with Primorsk Shipping Corporation.

The vessel is on a long-term charter to Exxon Neftegas Ltd until 2021, and operates out of the De-Kastri oil terminal.

/ RRS ERNEST SHACKLETON
The “RRS Ernest Shackleton” is a polar research and subsea support vessel built in 1995, based on long-term experience and accumulated in-house expertise in polar research and subsea support operations in the North Sea.

The vessel is on a long term bare boat charter to British Antarctic Survey until 2014.

/ GEO ATLANTIC

The “Geo Atlantic” was built in 2000 as a cable layer. In 2006, the vessel was converted to a high capacity 3D seismic vessel, capable of deploying 10 streamers and dual sources.

The vessel is time chartered to Fugro until October 2013. Then, the vessel will be upgraded to 14 streamers and change its name, before it will enter into a three-and-half years charter with Dolphin Geophysical.

/ POLAR KING

The “Polar King” is an IMR/ CSV subsea vessel of Skipsteknisk ST-254L CD design, delivered March 2011. The vessel was built at Freire Shipyard in Spain, and has a length of 110.6 meters and beam of 20 meters. It is fitted with a 150t offshore AHC crane, accommodation for 112 persons and 1000m2 deck space. Environmental features have been emphasized in the design, through class notation “Clean Design”, and the vessel is built to IMO SPS 2008 rules.

Polar King is currently on charter to Reef Subsea until May 2014.

/ POLAR QUEEN

The “Polar Queen” is an IMR/ CSV subsea vessel of Skipsteknisk ST-254L CD design, delivered November 2011. The vessel was built at Freire Shipyard in Spain, and has a length of 110.6 meters and beam of 20 meters. It is fitted with a 150t offshore AHC crane, accommodation for 112 persons and 10002” deck space. Environmental features have been emphasized in the design, through class notation “Clean Design”, and the vessel is built to IMO SPS 2008 rules.

“Polar Queen” is on a charter to the Boa Marine Services, expiring in April 2014.

/ POLAR DUKE

The “Polar Duke” is a 3D high capacity seismic vessel with 14 streamers built in 2011. The vessel is designed with a strong focus on safety, optimized towing and a maximum transit speed of 18 knots. It is among the most cost efficient vessel in the industry, as higher transit speed increase the vessel revenues and lower fuel consumption reduces the environmental impact and operating cost.

“Polar Duke” is on a five-year charter to Dolphin Geophysical, expiring in May 2016.

/ POLAR DUCHESS

The "Polar Duchess" is a 3D high capacity seismic vessel with 14 streamers built in 2011. The vessel is designed with a strong focus on safety, optimized towing and a maximum transit speed of 18 knots. It is among the most cost efficient vessel in the industry, as higher transit speed increase the vessel revenues and lower fuel consumption reduces the environmental impact and operating cost.

"Polar Duchess" is on a five-year charter to Dolphin Geophysical, expiring in April 2017.

/ SUBSEA NEWBUILD - HN300 - POLAR ONYX

The high-capacity newbuild is a construction support vessel (CSV) designed for operations in harsh and deep waters, with a length of 130 meters and a 25 meter beam. The vessel is built to the highest standard for dynamic positioning, DP-3, and is equipped with a 250t AHC offshore crane. The ship is designed to operate in the SURF market, with capacity for pipe loads below deck and on main deck, and a vertical pipe laying system above the moon pool.

The vessel will commence working for Ceona immediately upon delivery from Ulstein Verft in the first quarter of 2014.

/ SEISMIC NEWBUILD

The advanced seismic vessel will have ice-class 1A*, which enables it to navigate in and out of ice infested areas. The vessel will be 113 meters long and 21.5 meters wide, and will have the capacity to accommodate 70 people. The vessel will be equipped with the capacity to tow 22 streamers.

The seismic company Dolphin Geophysical ("Dolphin") has contracted the vessel for a fixed period of five years, and the high end vessel will enter this contract directly upon delivery from the yard in March 2015.

/ POLAR PILTUN

The “Polar Piltun” is a crew boat to serve various oilrigs, built in 1998 and re-built in 2009. It operates out of GC Rieber Shipping’s Yuzhno-Sakhalinsk office in a joint venture with Prisco.

The vessel is chartered by Sakhalin Energy Investment Company until end of 2013.

/ POLAR BAIKAL

The “Polar Baikal” is a crew boat to serve various oilrigs, built in 2000 and re-built in 2009. It operates out of GC Rieber Shipping’s Yuzhno-Sakhalinsk office in a joint venture with Prisco.

The vessel is chartered by Sakhalin Energy Investment Company until end of 2013.

Photo by Christopher Petersen

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

/ QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

Avoiding injuries on personnel, environment and property is the basis of GC Rieber Shipping operational targets.

We work continuously to raise the consciousness of competence and operational quality. Our core values Creativity, Diligence and Responsibility should always be the foundation.

The Company has a strong focus on health, safety, environment and competence and shall always be prioritised during operation. Quarterly review of KPI's is a dynamic tool for continuous improvement. Loyalty to company systems and procedures is extremely important.

It is important for us to have focus at improvement and we have implemented additional new systems to have a better control of our performance towards quality on board and ashore. Additional to our internal systems we can see that the industry is challenging us. The offshore industry implements new systems which we need to be compliance with as ship operator. Offshore Vessel Inspection Database (OVID) established by Oil Companies International Marine Forum (OCIMF) puts requirements to us as ship operator which is outside of the requirements which is defined in the regularly International Maritime Organisation (IMO) established conventions for shipping.

The Company need good relation and communication with existing and new customers both from on board and shore side. An operational bridging document between customer and us as ship operator is important to establish and keep updated.

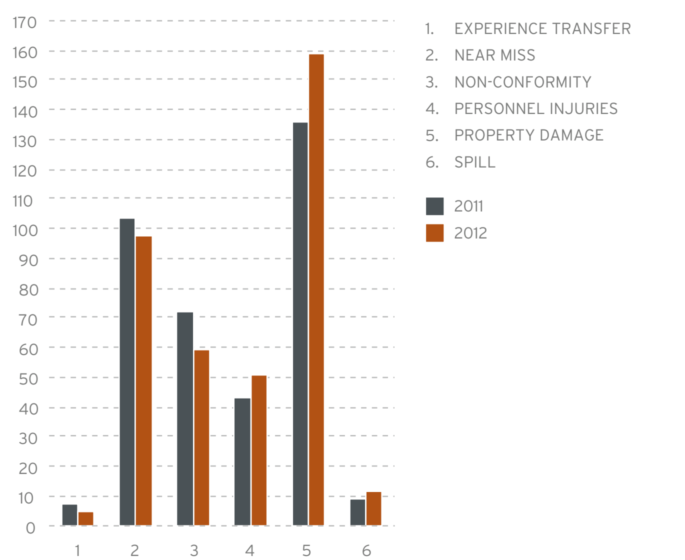
The company is certified by classification companies according to International Safety Management Code (ISM) and International Ship & Port Facility Code (ISPS). GC Rieber Shippings ship management companies have Document of Compliance from a number of flag states. The company is certified against Achilles, completed an ISO 14001 certification in 2012 and in progress with 9001 standards.

QUALITY

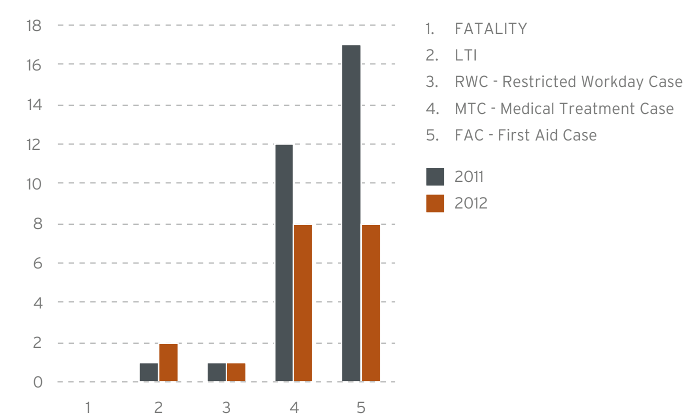
The Company procedure database is constantly updated and we have a strong focus on building common systems. General findings from class and Port State Control were again reduced compared to previous years. Annual verification from class regarding Document of Compliance shows that we as Company have control and well established systems for operation, documentation and improvement. On board familiarisation system are revised and this will make an opportunity for crew to be trained for next level.

The certification process for ISO 9001 was continued, and the organization plan to be certified according to ISO 9001 within the end of 2013.

TOTAL REPORTS BY MAIN CATEGORY 2012



PERSONNEL ACCIDENTS/INJURIES 2012



The company owns and operates a new and high quality fleet, with stable operations and limited technical downtime.

Use of subcontractors represents a risk for breach of human rights. The company is a member of Incentra and gives priority to use of Incentra approved suppliers. All Incentra approved suppliers are audited towards ISO standard requirements and human rights.

All employees have proper employment contracts which are well within relevant international and local regulations. Training for employees onboard and ashore is implemented according to the training requirements in the vessels training matrix.

Corporate procedure on ethics and social responsibility are in place. The 10 principles of UN Global Compact are posted on every vessel and office. A structured training in understanding of the procedure and how each individual shall handle different situations are to be developed. This is relevant for all office personnel at risk regarding corruption and all top officers on the vessels. The highest risk for bribery is when vessels start operations/ have port call in new area. Good planning of operations in new areas reduces the risk. Appointment of reliable agents and suppliers in due time and planning of the operation/port call together with them has given good effect. All employees are requested to report any observation of bribery.

Raising consciousness of the quality concept will continue to be an important focus area going forward, in order to make all employees, each from his or hers own standpoint, contribute to deliver "Safe Competent Support".

HEALTH

The company monitors annual key targets for Health, Safety and Environment.

During 2012, two Lost Time Incidents (LTI), resulting in work absence, was registered. The incidents are reported and analysed with the purpose of establishing measures to prevent recurring incidents of the same nature. Experience Feedback to all vessels and offices are thus important. The group has distributed External Bulletins based on occurrences and new regulations from external organisations.

Sick leave in 2012 amounted to 2.8 percent in the onshore organisation and 5.0 percent among offshore crew.

ENVIRONMENT

The Company is proactive towards environmental improvements and completed an ISO 14001 certification in 2012.

During 2012 the Company continued reviewing policies and establishing a separate environmental policy. This combined with defined environmental aspects and action plan will improve focus to minimise the impact on the environment. We are also now a member of the UN Global Compact which put a lot of requirements towards us as organisation both on environmental performance and reporting.

In 2012 GC Rieber Shipping completed one new ship and set it into operation. The new ship has equipment built to the latest requirements for treatment and discharge. In particular, these measures have shown a good effect on new engines.

SAFETY

Risk Management and Risk Analysis is a major part of the proactive work to avoid danger for crew, equipment and environment. The industry demands continuous risk assessments for both operation and equipment.

Safety is not only about personal protection, but also concerns the group's assets. When it comes to safety we are conscious of the importance of continuous motivation and adaptation. The personnel employed shall be familiar with equipment and systems before operation.

The company has during the year, carried out sequences of training in internal control systems for maritime personnel. Training on how to handle investigation of incidents on board and a shore has also been completed.

As part of the work for developing good attitudes towards safety on board, the company has established a DVD library of over 30 films covering the safety issues for different work situations.

There is conscious of the fact that efforts in health, environment, safety and quality precaution is a continuous process with the aim to improve. Motivation and enthusiasm will continue to be important factors in this work.

Photo by Svein Angell

CORPORATE GOVERNANCE

/ CORPORATE GOVERNANCE IN GC RIEBER SHIPPING

One of the aims of GC Rieber Shipping is to exercise good, prudent corporate governance. Good corporate governance is mainly about clarifying the division of roles between the owners, board of directors and management beyond the statutory requirements. It is also about treating the shareholders equally and taking care of other stakeholders through ensuring the best possible value creation and reducing business risk and also contributing to the most efficient and proper use of the company's resources.

1. REPORT ON CORPORATE GOVERNANCE

COMPLIANCE

The board of directors of GC Rieber Shipping has overall responsibility for ensuring that the company practices good corporate governance.

GC Rieber Shipping ASA is a Norwegian public limited liability company listed on Oslo Stock Exchange (Oslo Børs). Section 3-3b of the Norwegian Accounting Act relating to corporate governance requires the company to issue an annual report on its principles and practice for corporate governance. These provisions also state minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). Adherence to the Code of Practice is based on the "comply or explain" principle, which means that a company must comply with all recommendations of the Code of Practice or explain why it has chosen an alternative approach to specific recommendations.

Oslo Børs requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the current Code of Practice. The rules on Continuing Obligations of listed companies are available on www.oslobors.no.

GC Rieber Shipping complies with the current Code of Practice that was issued on 23 October 2012. The Code of Practice is available at www.nues.no. The company provides a report on its corporate governance principles in its annual report and the information is available at www.gcrieber-shipping.no. The company follows the Code of Practice and any deviations are explained in the report.

BASIC CORPORATE VALUES, ETHICAL GUIDELINES AND SOCIAL RESPONSIBILITY

Ethical guidelines, basic corporate values and guidelines for corporate social responsibility have been established for the GC Rieber Group and GC Rieber Shipping follows the group's guidelines in this connection.

The guidelines provide general principles for business practice and personal behaviour and are intended to form a platform for the attitudes and basic vision that should permeate the culture in the GC Rieber Group.

In addition, GC Rieber has joined the UN Global Compact, the world's largest corporate social responsibility initiative. UN Global Compact has developed ten universal principles that encourage and show how companies should pay attention to employee and human rights, protection of the environment and combating corruption. By joining the initiative, GC Rieber has committed itself to making the ten principles an integral part of its business strategy, to promoting the principles to business partners and to reporting activities and improvements associated with the ten principles.

GC Rieber Shipping works continuously with improvements in environment, anti-corruption and social responsibility in general. More detailed information relating to the company and the group's vision, strategy, values and principles is available at www.gcrieber.no and www.gcrieber-shipping.no.

2. BUSINESS

GC Rieber Shipping ASA's business is defined in Article 1 of the company's articles of association, which reads as follows:

"The company is a listed company, the object of which is to engage in shipping, investments, underwriting commission, trading and other business. The headquarters of the company are in the municipality of Bergen."

3. EQUITY AND DIVIDENDS

EQUITY

As at 31 December 2012, the company's book equity was MNOK 1,795, which is equivalent to 50.6 percent of the total assets. The board of directors considers this to be satisfactory, as the company has a policy to have around 50 percent equity at any time. The company's need for financial soundness and liquidity should be adapted to its objectives, strategy and risk profile.

DIVIDEND POLICY

One of the aims of the company is to pay an annual dividend and to offer the shareholders a steady and competitive return on invested capital in through dividends and share price appreciation. In assessing proposed dividend, the board of directors will review the company's dividend capacity, capital structure and financial strength for further growth.

A dividend of NOK 0.5 per share was paid for 2011 and the board of directors proposes to the general meeting that the dividend for 2012 will be NOK 1 per share.

CAPITAL INCREASE

Authorizations granted to the board of directors to increase the company's share capital shall normally be restricted to specific purposes. As at 31 December 2012, there were no such authorizations.

PURCHASE OF OWN SHARES

The general meeting may grant the board of directors a mandate to purchase up to 10 percent of own shares. As at 31 December 2012, there was no such mandate to the board of directors regarding purchase of own shares.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

EQUAL TREATMENT

GC Rieber Shipping has only one class of shares and purchase and sale of the shares shall take place over the stock exchange.

The articles of association include no limitations relating to voting rights. All shares have equal right.

TRANSACTIONS IN OWN SHARES

The company's transactions in own shares are carried out over the stock exchange or by other means at market price. Should there be an increase in capital which involves a waiver of the existing shareholders' pre-emptive rights, and the board of directors resolves to carry out such an increase on the basis of a mandate granted by the general meeting, the board of directors will explain the justification for waiving the pre-emptive rights in the stock exchange announcement.

TRANSACTIONS WITH CLOSE ASSOCIATES

The company's board of directors and management are committed to promoting equal treatment of all shareholders.

The company has one main shareholder, GC Rieber AS, owning 70.44 percent of the shares as at 31 December 2012. The chairman of the board, Paul-Chr. Rieber, indirectly controls 1.8 percent of the shares in the company. In addition, GC Rieber Shipping owns 50 percent of the shares in Reef Subsea AS.

The group carries out purchase and sales transactions with close associates as part of the normal business operations. In the view of the board of directors and management, all agreements entered into between the company and its main shareholders (including related companies), and also other business agreements, must be entered into on arm's length terms.

Reference is made to note 21 in the company's 2012 annual accounts, where transactions with close associates are outlined.

5. FREELY NEGOTIABLE SHARES

The company has only one class of shares. All shares in the company are freely negotiable.

6. GENERAL MEETING

ABOUT THE GENERAL MEETING

The general meeting is the company's supreme authority and the board of directors aims to ensure that the general meeting is an efficient meeting place.

NOTICE OF MEETING

The general meeting will usually be held by 30 April each year at the company's offices. The general meeting for 2012 will be held on 12 April 2013.

Notice of the general meeting is usually sent with 21 days' notice. At the same time, the agenda papers will be published on the company's website, cf. Article 5-g of the Articles of Association.

The agenda papers must contain all necessary information so that the shareholders can decide on the issues to be addressed. The registration deadline for the general meeting will be as close to the general meeting as practically possible.

All shareholders registered in the Norwegian Registry of Securities (VPS) will receive a notice of meeting and are entitled to submit proposals and vote directly or via proxy. The financial calendar will be available on the company's website.

REGISTRATION AND PROXY

Registration should be made in writing, either via mail or fax. The board of directors wants to facilitate so that as many shareholders as possible are able to participate. Shareholders who are unable to attend in person, are encouraged to appoint a proxy. A special proxy form is available which facilitates separate voting instructions for each issue to be considered by the general meeting and for each of the candidates nominated for election. The company will nominate one or more persons to vote as proxy for shareholders. Representatives from the board of directors and the auditor participate in the general meeting. The CEO and CFO participate on behalf of the company.

AGENDA AND IMPLEMENTATION

The agenda is determined by the board of directors. The main items are pursuant to the requirements in the Public Limited Liability Companies Act and Article 7 of the Articles of Association.

The minutes of the general meeting are published via a stock exchange announcement and are available at www.gcrieber-shipping.no.

In 2012, the general meeting was held on 12 April and 90.7 percent of the total share capital was represented. A total of 36 shareholders were present or represented by proxy.

7. NOMINATION COMMITTEE

Nomination of board members up for election at the general meeting shall take place through an open dialogue between the largest shareholders. Based on the company's good experience with such a process and an assessment of the composition of the owners, the company has decided not to use a nomination committee. This is a deviation from NUES' recommendation.

8. THE BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to the company's articles of association, the board of directors shall consist of 5-7 members who are elected by the general meeting for two years at a time. The chairman of the board and the deputy chairmen are elected by the general meeting.

The board of directors consists of three men and two women.

The board of directors has been elected on the basis of an overall assessment in which competence, experience and integrity are important criteria and the composition of the board of directors represents the company's ownership situation. An overview of board members' competence, background and shareholding in the company is available on the company's website www.gcrieber-shipping.no.

THE BOARD OF DIRECTORS' INDEPENDENCE

Executive management shall not be members of the board of directors.

The chairman of the board, Paul-Chr. Rieber, is CEO of GC Rieber AS, which is the largest shareholder in the company with a 70.44 percent stake.

Board member Georg Nygaard has 5,000 shares in the company. Other board members do not have direct or indirect ownership interests in the company. The board members are regarded as independent of the company's main shareholder and significant business relations.

9. THE WORK OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS' DUTIES

The board of directors has overall responsibility for management of the group and also for supervising the day-to-day management and the group's operations.

This involves developing the company's strategy and also following-up that the strategy is implemented. The board of directors is also responsible for control functions to ensure that the company has proper operations as well as asset and risk management.

INSTRUCTIONS FOR THE BOARD OF DIRECTORS

Pursuant to the provisions of the Norwegian Public Limited Liability Companies Act, the board of directors has established instructions for the board of directors that provide detailed regulations and guidelines for the board of directors' work and executive work.

INSTRUCTIONS FOR THE CEO

A clear division of responsibilities and tasks has been established between the board of directors and executive management.

FINANCIAL REPORTING

The board of directors receives periodic reports with comments on the company's financial status. As far as interim reports are concerned, the company follows the deadlines for Oslo Stock Exchange.

MEETING STRUCTURE

The board of directors usually holds eight board meetings a year, evenly distributed over the year. Quarterly and annual accounts, and also salary and other remuneration to the CEO are dealt with at the board meetings. In addition, a separate strategy meeting is held. Extraordinary board meetings to deal with matters that cannot wait until the next ordinary board meeting are held when required. In addition, the board of directors has organized the work in a separate auditing committee. In 2012, 10 meetings were held, compared with 13 meetings in 2011. In 2012, attendance at the board meetings was 96 percent, compared with 88 percent in 2011.

AUDITING COMMITTEE

From financial year 2009, the board of directors has established and appointed an auditing committee for the purpose of monitoring the group's internal control systems, quality assurance of the financial reporting and ensuring that the auditor is independent. The auditing committee has one member who is independent of the company's business activities and main shareholders. The committee has evaluated the procedures for financial control in the core areas of the group's business activities. The committee has been informed of the external auditor's work and the results of this work.

THE BOARD OF DIRECTORS' SELF-EVALUATION

The board of directors conducts an annual evaluation of its work, way of working and expertise. The chairman of the board of directors conducts an annual appraisal of the CEO and her/his job description.

10. RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS' RESPONSIBILITIES AND THE OBJECT OF INTERNAL CONTROL

GC Rieber Shipping's risk management and internal control seeks to ensure that the company has comprehensive control thinking that includes the company's operations, financial reporting and compliance with applicable laws and regulations. The internal control also includes the company's basic values, ethical guidelines and guidelines for social corporate responsibility.

THE BOARD OF DIRECTORS' ANNUAL REVIEW AND REPORTING

The annual strategy meeting helps lay the foundation for the board of directors' discussions and decisions through the year. Review and revision of important governing documents is considered on an on-going basis.

The administration prepares monthly finance reports, which are reviewed by the board members. Quarterly financial reports are also prepared and reviewed by the board of directors before the quarterly reporting. The auditor attends meetings with the auditing committee and the board meeting that includes presentation of the annual accounts. The company's risk aspects and management have been thoroughly described in the directors' report.

Overall responsibility for internal control related to the company's financial reporting is assigned to the board of directors' auditing committee. The auditing committee has regular meetings with the administration and the company's auditor at which discussion of accounting principles, use of estimates and other relevant topics are discussed.

Regular reports are submitted to the board of directors regarding defined KPIs related to quality, health, environment and safety. In addition, the GC Rieber Group has prepared guidelines on business ethics and social responsibility, with which all employees in all the subsidiaries should be acquainted, including GC Rieber Shipping. GC Rieber Shipping has its own coordinator who ensures quarterly reporting to the board of directors on the status and progress of the company's social responsibility work and who represents the company in the GC Rieber Group's UN Global Compact group.

11. REMUNERATION TO THE BOARD OF DIRECTORS

The general meeting determines annually the remuneration to the board of directors. The proposed remuneration is put forward by the company's largest shareholder.

In 2012, the company's board received a total remuneration of NOK 776 000. The remuneration to each board member in 2012 is given in note 3 of the parent company's accounts. Remuneration to the board of directors is not dependent on profit.

12. REMUNERATION TO EXECUTIVE MANAGEMENT

The board of directors has adopted guidelines for remuneration of the CEO and other executive management. In accordance with the Public Limited Liability Companies Act, the main features of this remuneration shall be subject to an advisory vote at the general meeting, cf. note 3 of the parent company's annual accounts.

There are no option schemes in GC Rieber Shipping, but the company has a scheme for sale of the company's own shares to employees where a statutory tax discount is used.

Bonus schemes shall be linked to group or individual performance targets.

13. INFORMATION AND COMMUNICATION

GC Rieber Shipping seeks to treat all participants in the securities market equally through publishing all relevant information to the market in a timely, efficient and non-discriminating manner. All stock exchange reports will be available on the company's website and on Oslo Børs' news site, www.newsweb.no, and also through new agencies (via Thomson Reuters).

FINANCIAL REPORTS

The company presents preliminary financial statements by the end of February. Complete accounts, together with directors' report and annual report are available to the shareholders no later than three weeks before the general meeting. Interim results are posted within 60 days of the end of the quarter.

The company's financial calendar is published for one year at a time before 31 December in accordance with the rules of Oslo Børs. The financial calendar is available on the company's website and also on the website of Oslo Børs.

OTHER MARKET INFORMATION

Open presentations via webcast will be arranged in connection with the presentation of interim results. The interim results, business developments and also comments on the market and future outlook are reviewed here. Both the CEO and CFO usually attend the presentations.

Interim reports, presentation material and webcasts are available at www.gcrieber-shipping.no.

The company exercises caution in its contact with shareholders and financial analysts, cf. the Norwegian Securities Trading Act, Norwegian Accounting Act and the stock exchange regulations.

14. TAKEOVER

The board will not seek to hinder or obstruct any takeover bids for the company's business activities or shares. Should there be a bid for the company's shares, the company's board of directors will not exercise authorizations to issue new shares or pass other resolutions in an attempt to obstruct the bid without the approval of the general meeting. Any transaction that in effect is a disposal of the company's business activities will be decided on by the general meeting.

When a takeover bid has been received, the board of directors will initiate an external valuation by an independent adviser and thereafter the board of directors will recommend shareholders to either accept or reject the offer. The valuation must also take into account how a possible takeover will affect the long-term value creation in the group.

15. AUDITOR

CHOICE OF AUDITOR

The group's auditor will be chosen by the general meeting. Ernst & Young has been the company's auditor since the ordinary general meeting in 2002.

THE AUDITOR'S RELATIONSHIP TO THE BOARD OF DIRECTORS AND THE AUDITING COMMITTEE

The board of directors will at least once a year arrange a meeting with the auditor without the presence of the executive management in the company. The auditor will present the summary of an annual plan for carrying out the audit work, and the company's internal control procedures, including identified weaknesses and proposed improvements, will be reviewed with the board of directors.

The auditor also participates in board meetings which discuss the annual accounts. At such meetings, the auditor reviews any material changes in the company's accounting principles, comments on any material estimated accounting figures and any significant matters where there may have been disagreement between the auditor and the administration.

The board of directors will inform about the remuneration paid to the auditor, divided between remuneration for audit work and other services, at the annual general meeting.

From left: Tove Lunde, Hans Olav Lindal, Georg Nygaard, Kristin Færøvik, Paul-Chr. Rieber

THE BOARD OF DIRECTORS

GC RIEBER SHIPPING - BOARD OF DIRECTORS

PAUL-CHR. RIEBER

CHAIRMAN/ CEO GC RIEBER AS

Paul-Chr. Rieber holds an MBA from the Norwegian School of Economics (NHH) and an MBA from the International Management Institute (IMI) Geneva. He joined GC Rieber in 1986 and has held the position of Group CEO since 1990. He is currently Chairman of the Board for several companies in the GC Rieber Group.

HANS OLAV LINDAL

VICE CHAIRMAN

Hans Olav Lindal is a lawyer, partner and board member of the law firm Thommessen and has been associated with the company's Bergen office since 1987. He is working as Chairman of the Board of Viken Shipping, Chairman of the Board of the Norwegian Hull Club and holds a number of other directorships, including the Norwegian Shipowners' Association / Bergen Shipowners' Association.

KRISTIN FÆRØVIK

MEMBER OF THE BOARD

Kristin Færøvik has an engineering degree in petroleum technology from the Norwegian University of Science and Technology (NTNU) and has more than 25 years' experience from the Norwegian and international oil and gas industry. She is currently Executive Director of the offshore division at Bergen Group and Managing Director of Bergen Group Rosenberg, as well as being a board member of Lundin Petroleum AB. She has previous experience as Managing Director of Marathon Petroleum's operations in Norway, after having spent 18 years with the oil company BP.

GEORG NYGAARD

MEMBER OF THE BOARD

Georg Nygaard holds an MSc in Economics and Business Administration from the Norwegian School of Economics (NHH) / Hong Kong University and is currently an underwriter for Offshore Energy & Special Risks at the Norwegian Hull Club. He has nine years of experience in maritime risk analysis, including four years with North Edge Risk Service. He is the founder and former chairman of the Young Ship organisation.

TOVE LUNDE

MEMBER OF THE BOARD

Tove Lunde has an MA from the University of Oslo / Universidad Autónoma, Madrid, with additional qualifications in finance, brand management and psychology from the Norwegian Business School (BI). Lunde has been employed at GC Rieber since 2006. She has experience from both the public and private sectors, including management consulting with Accenture.

/ REPORT OF THE BOARD OF DIRECTORS FOR 2012

2012 has been a good year for GC Rieber Shipping, both operationally and financially. The year has been characterised by stable performances and the company has a solid balance sheet. Contract coverage is good, and the company is currently in a process to increase its investment in the market for advanced vessels. It is GC Rieber Shipping's ambition to consolidate its leading position in the market for offshore operations in harsh environments. The company's solid financial standing gives the board of directors reason to regard GC Rieber Shipping favourably positioned for further growth.

OPERATIONS AND STRATEGY

GC Rieber Shipping's operations within offshore/shipping include ownership in special-purpose vessels, high quality marine ship management and project development within the segments subsea, ice/support and marine seismic. The company has a unique competence on offshore operations in harsh environments as well as design, development and management of offshore vessels.

GC Rieber Shipping currently operates 15 advanced, multi-functional special purpose vessels within its defined markets, of which 11 are owned by the company. In addition, the company has two vessels under construction: one advanced subsea vessel for delivery in the first quarter 2014 and one high-end seismic vessel for delivery in the first quarter 2015. The company also has a strategic value-chain investment in terms of a 50 percent stake in Reef Subsea.

The company has its registered office and headquarter in Bergen with ship management companies in Sevenoaks (England) and Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Børs with ticker RISH.

GC Rieber Shipping has documented its ability to create value from the competence it has built up. Successful counter cyclical and early cyclical investments have yielded good returns. In recent years, the company has made several new investments with corresponding fleet renewal and will concentrate an even more on advanced vessels within its defined markets. New contracts for special-purpose subsea and seismic vessels support the company's commitment to consolidate its position as the leading and most experienced player within offshore operations in harsh environments. At the end of 2012 the company has a solid financial position with good liquidity. New opportunities for growth will be considered continuously and the outlook for the company is regarded as good.

IMPORTANT ASPECTS OF 2012

ACQUISITION

In May 2012 the group announced that a voluntary offer had been given to minority shareholders in Armada Seismic under which the group may acquire all outstanding shares at a price of NOK 26 per share. Minority shareholders owned 7,805,000 shares in Armada Seismic, i.e. a total value of NOK 203 million. The offer was accepted by all shareholders, and GC Rieber Shipping now has a 100 percent stake in the company.

CONTRACTING OF NEW VESSEL

In June 2012 GC Rieber Shipping entered a contract with Ulstein Verft for the delivery of one high-end subsea vessel. The new vessel is scheduled for delivery in the first quarter 2014 and represents a total investment of approximately NOK 800 million. GC Rieber Shipping has secured long-term financing of the newbuilding through Export Credit Norway, GIEK and DNB. The total loan sum is USD 93.5 million and implies a debt financing of 70 percent. The contract with Ulstein Verft includes an option for one additional vessel of the same type.

NEW CHARTER CONTRACTS IN THE PERIOD:

- The company has entered a contract with Boa Marine Services Inc. («BOA») for the CSV vessel «Polar Queen». The contract took effect at end-September 2012 for a term of six months. The agreement also includes a charterer's option to extend the contract for two one-year terms, of which the first one-year option was declared in December 2012. Consequently, the firm charter period expires April 2014.

- The charter contract with Reef Subsea for the vessel «Polar Prince» was extended until December 2014. The vessel will be employed in «Offshore Oil and Gas and Renewables» projects run by Reef Subsea Power & Umbilical.

RELATED INVESTMENTS

At end-October 2012 the partly owned subsidiary Octio resolved to suspend active operations. The decision came as a result of a lack of commercial demand for the company's systems for permanent monitoring of oil fields and wells. Despite a good deal of positive feedback on Octio's solutions, the company did not successfully manage to secure sustainable contracts. In December 2012 the owners of Octio reached a solution whereby GC Rieber Shipping sold the majority of its shares in the partly-owned subsidiary Octio to Statoil Venture. As Octio's industrial owner, Statoil Venture intends to carry on the company's activities. The restructuring leaves GC Rieber Shipping with 8 percent and Statoil 91 percent of the shares.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

In February 2013 the company entered an agreement to sell the seismic vessel «Polar Explorer». The vessel was sold at book value with a positive cash effect of approximately NOK 45 million.

In the same month a contract was entered with Kleven Verft to build a new high-end 3D seismic vessel at a value of approximately NOK 700 million. This ice class 1A* advanced seismic vessel will be built with a capacity to tow 22 streamers. The newbuilding is scheduled for delivery in March 2015 and the contract includes an option for one additional vessel of the same type.

Furthermore, GC Rieber Shipping has entered into a contract with Dolphin Geophysical for two new charter agreements. The first contract includes the above-mentioned seismic vessel under construction, and is a 5-year charter contract with an option for 6 more years. In addition a time charter contract for the 3D seismic vessel «Geo Atlantic» has been agreed for a term of 3.5 years, to take effect when the existing contract with Fugro/CGG expires in October 2013. At that point the vessel will be upgraded from 10 to 14 streamers and be renamed before delivery to Dolphin. The agreements have a total value of approximately NOK 950 million. As part of the agreements the existing contract for the «Polar Duchess» has been extended by 2 years, giving a total fixed term charter of 5 years for this vessel.

GC Rieber Shipping has signed an agreement with Handelsbanken for a secured loan of USD 43 million. The loan is amortizing and has a 5-year term. The securities under the new loan also extend to the existing NOK 250 million facility with Handelsbanken, which matures in 2013.

In March 2013, GC Rieber Shipping entered a charter agreement with Ceona Services (UK) Limited («Ceona») for its high-capacity subsea newbuilding for a fixed period of 5 years, with an option to extend for up to 5 more years. The vessel will commence working for Ceona immediately upon delivery from Ulstein Verft in the first quarter of 2014.

FINANCIAL REVIEW

(Figures for 2011 are given in brackets)

PROFIT AND LOSS

The group's total operating income for 2012 amounted to NOK 781.2 million (NOK 625.8 million). Operating profit before depreciations and write-downs (EBITDA) amounted to NOK 376.7 million (NOK 267.0 million), which is the best EBITDA result in the history of the company. The increase in operating income and EBITDA is mainly due to the start of contracts for the «Polar Queen» and «Polar Duchess».

Operating profit (EBIT) for 2012 was NOK 214.1 million (NOK 117.9 million). Ordinary depreciations for 2012 amounted to NOK 163.2 million (NOK 147.5 million). In addition, write-downs amounting to NOK 18.5 million (NOK 2.6 million) were made, of which NOK 12.4 million were related to write-down of the company's remaining goodwill, and NOK 6.2 million to write-down of equipment. The company had a booked gain of NOK 19.1 million from the sale of its stake in Octio.

Net financial items were NOK -4.6 million (NOK -8.5 million). The group's profit before tax in 2012 was NOK 209.6 million (NOK 109.4 million), while taxes in 2012 amounted to NOK -29.6 million (NOK 5.4 million).

Net profit for the group was NOK 179.9 million (NOK 114.8 million), and the non-controlling share in the profit was NOK 19.2 million (NOK -3.6 million).

Earnings and diluted earnings per outstanding share amounted to NOK 4.56 (NOK 2.55).

CASH FLOW

Cash flow from operating activities in 2012 amounted to NOK 248.3 million (NOK 293.9 million). Cash flow from investment activities was NOK -428.1 million (NOK -902.8 million), mainly related to modification work on the «Polar Duchess», instalment to the shipyard Ulstein Verft for subsea vessel under construction, as well as acquisition of all outstanding shares in Armada Seismic. Cash flow from financing activities totalled NOK -32.9 million (NOK 535.4 million).

As at 31 December 2012 the company's holding of liquid assets was NOK 246.2 million (NOK 458.9 million).

BALANCE SHEET

The group's total assets as at 31 December 2012 amounted to NOK 3,546 million (NOK 3,861 million), while total assets in GC Rieber Shipping ASA amounted to NOK 935 million (NOK 840 million).

At the end of 2012, the booked value of the company's vessels was NOK 2,520 million (NOK 2,734 million). The reduction from the year before is mainly due to ordinary depreciations and currency changes.

The group's booked equity as at 31 December 2012 was NOK 1,795 million (NOK 1,914 million) corresponding to an equity share of 50.6 percent (49.6 percent). Booked equity for GC Rieber Shipping ASA was NOK 719 million (NOK 742 million), including NOK 581 million (NOK 604 million) in other (distributable) equity.

FINANCING

Average interest-bearing liabilities as at 31 December 2012 amounted to NOK 1,663.8 million (NOK 1,399.7 million). Average interest rate on the loan portfolio was 4.16 percent, which is a reduction from the year before (4,30 percent). With financing mainly held in USD the group is exposed to the development in US interest rates. The group has entered into interest rate hedging agreements for parts of its interest-bearing liabilities, valid until 2022, to limit the company's exposure to risk relating to currency changes. For 2012 these agreements have yielded an increase in interest expenses of NOK 10.4 million (NOK 6.1 million). The group has a long and stable financing structure. Lenders include recognized Norwegian and international shipping banks.

NOK 200 million in new loans have been drawn in 2012. Payment of long-term liabilities and available credit facility amounted to NOK 189 million. The group's liquid assets in terms of bank deposits and interest-bearing securities as at 31 December 2012 amounted to NOK 246.2 million (NOK 458.9 million). In addition the group had NOK 80.0 million (NOK 250.0 million) available under a credit facility. The group's liquid assets are primarily held in NOK.

The group had net interest-bearing liabilities (interest-bearing liabilities minus liquid assets) of NOK 1,362.9 million (NOK 1,268.6 million) as at 31 December 2012. At the same time the parent company, GC Rieber Shipping ASA, had net interest-bearing liabilities of NOK 145.8 million (NOK 67.1 million).

GC Rieber Shipping's covenants are tied to working capital and equity for all its liabilities. The minimum requirement for the group is a booked equity ratio of 30 percent, and the group's working capital shall be a minimum of one year's consolidated instalments, no lower than NOK 50/60 million.

FOREIGN CURRENCY SITUATION

The group's reporting follows the accounting principles adopted by the EU in the International Financial Reporting Standards (IFRS). The group does not use hedge accounting for its financial instruments, and in accordance with the international accounting standard IAS 39 changes in the market value of financial hedging instruments are recognised in the profit statement. The value of the group's portfolio of financial hedging instruments had a positive development of NOK 23.6 million (NOK -26.9 million) in 2012.

The GC Rieber Shipping group uses the Norwegian krone (NOK) as its presentation currency. Several of the subsidiaries have USD as their functional currency and one company has GBP as functional currency, and therefore the international accounting standard IAS 21 applies.

Any change in the USD/NOK exchange rate affects the group's equity and profit, as the group's debt is denominated mainly in USD, and most of its vessels are valued in USD and translated at the USD/NOK exchange rate on the balance sheet date. For subsidiaries with USD or GBP as functional currency, translation differences arising in respect of vessels and debt are recognized in the profit and loss statement. Translation differences will also arise for subsidiaries that have USD or GBP as functional currency and hold liquid assets in NOK. These holdings are translated into USD and GBP respectively at the exchange rate on the balance sheet date, and translation differences are carried against the statement of comprehensive income.

As at 31 December 2012 the group's equity has been reduced by NOK 88 million compared with an increase of NOK 26 million as at 31 December 2011, due to translation differences in companies with USD and GBP as functional currency.

The group has secured parts of its net currency risk exposure next year at satisfactory forward rates.

Net financial items for 2012 include NOK 43.3 million in unrealised currency gain (2011: currency loss of NOK -15.0 million).

GOING CONCERN

The financial statements for 2012 are prepared on the principle of going concern, in accordance with section 3-3 of the Norwegian Accountancy Act, and the board of directors confirms that there is basis for adopting this principle. The board finds support for this assumption in the company's long-term strategy and estimates. The company holds a solid financial position.

ALLOCATION OF PROFITS

The parent company GC Rieber Shipping ASA had a net profit of NOK 20.9 million in 2012 (NOK -4.7 million). The parent company's equity as at 31 December 2012 was NOK 719 million, of which other (distributable) equity was NOK 581 million.

The board of directors proposes to pay dividends of NOK 1.00 per share, i.e. NOK 43.7 million in total.

The profit for the year is proposed allocated as follows:

Allocated for dividends:	NOK 43,662,000
Transferred from other equity:	NOK 22,759,000
Total allocated:	NOK 20,903,000

RISK EXPOSURE AND MANAGEMENT

RISK MANAGEMENT

GC Rieber Shipping operates in a global market, and this makes the group exposed to a number of risk factors. The board of GC Rieber Shipping therefore focuses on risk management and risk control, and routines have been implemented to bring risk exposure down to an acceptable level.

The main risk factors can be categorized into market risk, operational risk and financial risk.

MARKET RISK

GC Rieber Shipping operates in the global market for subsea, marine seismic operations as well as oil-related activities in icy waters and research-related operations in Arctic environments. The markets have varied greatly over the years, mainly due to the development of the price of crude oil and the balance in supply of and demand for vessel capacity.

GC Rieber Shipping aims to reduce the exposure to market fluctuations by keeping a diversified client portfolio and a suitable balance between long- and short-term contracts. Following the entry of new contracts in February 2013, the company's contracts have an average duration of 35 months. Contract coverage for 2013, 2014 and 2015 is 98 percent, 71 percent and 44 percent respectively. Market risk is therefore considered to be low.

The group also has an on-going focus on cost effective operations and solutions to limit exposure to risk in periods of weaker markets.

OPERATIONAL RISK

There will always be a risk of unforeseen operational problems and damage to vessels, which could result in higher operational costs and lower income than predicted and expected. As GC Rieber Shipping does not transport cargo, the company's environmental risk is considered to be limited to pollution.

FINANCIAL RISK

Financial risk can be further divided into credit risk, exchange rate risk, interest risk, liquidity risk and transaction risk.

Credit risk

The group's collective credit risk is considered to be moderate with several large Norwegian and international oil and offshore companies with no previous insolvency issues. In 2011 the company entered agreements with clients with a weaker liquidity and capital base. These companies have had a positive development in 2012 with improved liquidity and capital base as a result.

Currency risk

The group is greatly exposed to fluctuations in exchange rates as a major part of its income is in USD and GBP, while the main part of its operational and administration costs is in NOK. To reduce the exchange rate risk the group's liabilities are mainly held in USD. In addition, there is a continuous evaluation of hedging methods related to expected future net cash flow in USD, GBP and other relevant currencies.

Interest risk

The interest risk is related to the group's liquid assets of NOK 217 million as at 31 December 2012 (mainly held in NOK) as well as interest-bearing liabilities of NOK 1,606 million as at 31 December 2012 (mainly held in USD).

The group is predominantly financed in USD and therefore exposed to the development of the US interest rate. Consequently, interest rate hedging agreements for parts of its interest-bearing liabilities have been entered into until 2022. At the end of 2012, 49 percent of the company's liabilities have been secured through interest rate hedging. The group has a stable and long-term financing structure. Lenders include recognized Norwegian and international shipping banks. The group's interest risk is therefore regarded as moderate.

Liquidity risk

The group's liquidity risk is limited. GC Rieber Shipping maintains an active liquidity management. Investments are made in financial institutions with high financial status as well as in interest-bearing securities with high liquidity and low credit risk.

Transaction risk

One part of the group's strategy is to create value through disposal and acquisition of assets or companies. Disposal on the capital market reduces the total exposure to risk and releases capital, whereas acquisitions are always related to transaction risks in terms of the valuation of acquired assets.

MARKET DEVELOPMENT AND SEGMENTS

As a supplier to oil service companies, GC Rieber Shipping's level of activities within all business segments is closely linked to the development in the energy markets. The development in oil prices is the most important driver for exploration and extraction budgets and thereby offshore activities. Oil price is consequently the most important single factor for the group's development, in addition to securing balance in its fleet capacity.

During 2012 the price of oil has remained at a relatively high and stable level between USD 100 and 110 per barrel. At the beginning of 2013 there is a strong underlying sentiment in the offshore markets. Due to the high price of oil, decisions are made to develop a number of new fields. The oil prices also release many new projects for increased extraction on existing fields, providing in turn incentives for increased exploration activities. In addition there are a number of older offshore fields that require considerable investments in new infrastructure and technology in the times ahead.

Investments in the petroleum industry went up by over 14 percent in 2012, from an already high level of activity in 2011. The investment level is expected to remain high in the next years. At the same time oil activity in less accessible areas are expected to grow in the future, leading to an even greater demand for advanced and flexible vessels. This is regarded as positive for GC Rieber Shipping in terms of its decision to focus more strongly on advanced vessels and operations in harsh environments.

SUBSEA

The group owns three and operates two additional vessels within the subsea segment. The «Polar Prince» and the «Polar King» are chartered to Reef Subsea until December and May 2014, respectively, while the «Polar Queen» is chartered to BOA Marine Services until April 2014. The vessels are primarily used for inspection, maintenance and repair of subsea installations. GC Rieber Shipping also has one high-end subsea newbuilding under construction at Ulstein Verft, scheduled for delivery in the first quarter 2014. The vessel will embark on a charter contract with Ceona Services Limited upon delivery.

The market for subsea vessels has generally regained momentum in 2012, with a high level of activities. Increased oil activities in less accessible areas have increased the demand for subsea operations, providing a good basis for growth for suppliers of subsea vessels. GC Rieber Shipping experiences a solid demand, with full contract coverage for its subsea fleet for 2013.

The subsea segment had operating income of NOK 297.6 million in 2012 (NOK 254.7 million). Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) was NOK 142.3 million (NOK 89.7 million). All three vessels were on charter contracts in 2012, with a capacity utilisation of 91 percent (92 percent).

MARINE SEISMIC

The segment consists of the 3D vessels «Polar Duke», «Polar Duchess» and «Geo Atlantic». The 2D vessel «Polar Explorer» ended its contract with Dolphin Geophysical in January 2013 and was sold in February 2013. The «Geo Atlantic» is on a charter contract with Fugro until October 2013, after which it will be modified before entering a 3.5-year time charter with Dolphin Geophysical. The «Polar Duke» and the «Polar Duchess» are chartered to Dolphin Geophysical until May 2016 and April 2017, respectively. In February 2013 the company entered an agreement with Kleven Verft for the contracting of a new high-end 3D seismic vessel for delivery in the first quarter 2015. The vessel will embark on a 5-year charter contract with Dolphin Geophysical immediately upon delivery.

The company experiences a growing demand within the seismic segment, particularly for quality tonnage. Estimates for exploration investments in the future are good, even though some exploration wells are postponed due to a shortage of rigs. The tendency within the seismic market is increased consolidation, and the combination of a clear overview of suppliers and increasing demand gives GC Rieber Shipping reason to regard the outlook for the seismic market to remain good. The company has secured medium- and long-term contracts for its entire fleet of seismic vessels.

Operating income in the marine seismic segment in 2012 amounted to NOK 330.2 million (NOK 237.9 million). The increase is mainly due to the start of contract for the newbuilding «Polar Duchess» as of April 2012. Operating profit before depreciations and write-downs (EBITDA) amounted to NOK 119.7 million (NOK 93.9 million). Vessels in the segment have had a capacity utilisation of 94 percent in 2012 (96 percent).

ICE/SUPPORT

GC Rieber Shipping owns and operates two vessels within the ice/support segment, on charter contracts in Antarctica until 2014. The «Ernest Shackleton» is on a bareboat charter to the British Antarctic Survey, while the «HMS Protector» is on a charter contract with the British Ministry of Defence. The company also owns the two crew vessels «Polar Piltun» and «Polar Baikal» as well as the ice-breaker «Polar Pevek» through a 50/50 joint venture with Primorsk Shipping Corporation. The «Polar Pevek» is chartered to Exxon Neftegas until 2021 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside Eastern Russia. The two crew vessels are chartered to the Sakhalin Energy Investment Corporation until 2013 and are employed in the Sakhalin II field.

The focus on oil-related activities in Arctic waters is growing, and combined with strong political and strategic interests the tendency is expected to continue in the years to come. Despite this increased attention, predictions regarding scope, development and time horizon have yet to be made. GC Rieber Shipping is nevertheless interested in entering this market, based on the company's established competitive edge.

The ice/support segment had operating income of NOK 153.4 million (NOK 133.2 million). Profit before depreciations and write-downs (EBITDA) amounted to NOK 114.7 million (NOK 83.4 million). Capacity utilization in the segment in for the year was 97 percent (98 percent). The two crew vessels normally operate 200 days per year, from June to December.

REEF SUBSEA

GC Rieber Shipping has a 50 percent stake in the subsea service company Reef Subsea, which is a joint venture between GC Rieber Shipping and the private equity company HitecVision. The company reported a loss in 2012 of which GC Rieber Shipping's share was NOK -4.1 million (NOK -17.9 million). Since 2012 Reef Subsea has grown to become an important player in the subsea market, winning several strategic contracts in 2012, for instance with Statoil.

ORGANISATION AND EMPLOYEES

At the end of 2012, the GC Rieber Shipping group, including subsidiaries, employed a total of 167 man-years, divided between 57 in the land organisations and 110 marine crew. In addition, 325 persons were hired temporarily offshore. Out of the permanently employed in the land organisation, 36 are employed at the head office and management company in Bergen (Norway), 15 are employed in the management company in Sevenoaks (Great Britain) and 6 are employed in the management company in Yuzhno-Sakhalinsk (Russia).

In recent years, GC Rieber Shipping has actively dedicated resources to increase levels of competency, both through extensive use of professional courses as well as management training programmes in cooperation with other companies in the GC Rieber group. Employee representative arrangements are in place at all of the vessels owned by the group.

The board would like to extend its sincere gratitude to all employees for their dedicated contribution in the past year. The company owes the solid foundation on which it stands at the beginning of 2013 to these efforts.

EQUAL OPPORTUNITY AND DIVERSITY

GC Rieber Shipping is committed to being an equal opportunities employer. The group embraces a positive and inclusive working environment, characterised by equality and diversity. GC Rieber Shipping will not accept discrimination of any kind of its employees or other parties involved in the company's activities. This includes any and all unjust treatment, exclusion or preference based on ethnicity, gender, age, sexual orientation, disability, religion, political persuasion or other circumstances that may result in the principle of equality being neglected or compromised.

The group operates a policy of complete equality between male and female workers on all levels in the organisation, based on the assumption that an even gender distribution will contribute to an improved working environment and to greater adaptability and improved earnings for the company in the long run. However, the number of qualified applicants for some of the group's vacant positions has been limited. As at 31 December 2012, 0.9 percent among the marine crew and 46 percent of the land organization are women. The board has a 40 percent female representation, with two women and three men.

SOCIAL RESPONSIBILITY

Guidelines for corporate social responsibility have been established for the GC Rieber Group and GC Rieber Shipping follows the group's guidelines in this connection. In addition, GC Rieber Group has joined the UN Global Compact, the world's largest corporate social responsibility initiative.

GC Rieber Shipping is continuously working to manage negative impact on the environment through targeted plans to reduce emission into sea and air and for a reduction in the use of chemicals.

The shipping industry is generally exposed to potential risk relating to corruption and facilitation payments, particularly when it comes to the use of agents and for port calls. GC Rieber Shipping is actively committed to dealing with this problem by ensuring thorough processes for selection of partners as well as instruction of and raising awareness among employees as to appropriate conduct in such situations.

Safety on board vessels has a very high priority in GC Rieber Shipping. Throughout the year, a great deal of work is dedicated to securing good and safe operations for both employees, clients and other partners.

QHSE – QUALITY, HEALTH, SAFETY AND ENVIRONMENT

The basis for GC Rieber Shipping's operational goals is to prevent personal injuries and damage to the environment and property. This is reflected in the slogan «Safe Competent Support». The group works actively to increase awareness of its core values Creativity, Diligence and Responsibility, and its key measures for QHSE each year are stated in the form of KPIs («Key Performance Indicators»). The QHSE activities are defined as an important part of the group's operations, where everyone in the organisation has a responsibility. The group's management companies are certified by classification companies in accordance with the International Safety Management Code (ISM) and International Ship & Port Facility Code (ISPS) in addition to permission for operation from a number of flag states.

HEALTH

The oil industry sets the standard with respect to health, and this standard is continually being adopted by the shipping/offshore industry in which the group operates. The group has key measures for KPIs, and these are revised according to the demands and challenges that the group faces both internally and externally.

Two lost time incident were registered in 2012. Both incidents resulted in hand injuries among maritime crew. The incidents were reported and analysed, and conclusions and recommendations have been distributed with the purpose of establishing measures to prevent similar incidents from occurring.

Sick leave in 2012 was 2.8 percent in the land organisations and 5.0 percent among crew.

ENVIRONMENT

The shipping industry faces significant challenges with respect to the environment. GC Rieber Shipping has a proactive attitude to new environmental regulations, and in 2012 the company was certified according to the ISO-14001 standard. The group has also adopted to operate in compliance with the ISO 9001 standard, and the process to become certified continues in 2013. In addition, work is in progress to get the fleet certified according to MLC (Maritime Labour Convention) and various flag state requirements.

The group's policy reflects the Norwegian Shipowners' Association's vision of zero emission into the sea and air. The group's new vessels are built in compliance with strict environmental regulations.

SAFETY

Safety has a very high priority in the in the shipping business and in the oil industry in general. Risk management and risk assessment are instruments employed to identify potentially hazardous conditions involving crew, equipment and the environment. The company has implemented modern tools for analysis, management and documentation of measures related to risk involved in the company's operations. Furthermore internal training in the management system for safety has been implemented both at the company's main office in Bergen and in Manila.

Safety is more than personal safety, it also includes the company's assets. Comprehensive risk assessments are carried out for all vessels prior to operations in hazardous areas.

QUALITY

GC Rieber Shipping has an on-going focus on individual risk awareness. Managers on various levels in the organisation both on and off shore are role models for a preventive and safe QHSE culture. A corporate standard has been developed for periodic maintenance processes to ensure that the conditions for all the company's vessels are in compliance with official regulations and corporate requirements. Together with continuous improvements where incidents are analysed and procedures revised, this ensures a high technical standard. The company has also developed a standard for training of crew to ensure that the necessary competence is in place to operate vessels and equipment beyond the requirements in the set of rules.

SHAREHOLDER INFORMATION

During 2012 the group's shares have been traded between NOK 28.00 and NOK 35.00 per share. A total of 224,065 shares were traded, divided between 106 transactions.

As at 31 December 2012, GC Rieber Shipping had 262 shareholders (266 as at 31 December 2011), of which 93.5 percent was owned by the 20 largest shareholders. GC Rieber Shipping stake was 70.4 percent.

CORPORATE GOVERNANCE

GC Rieber Shipping aims at strengthening its leading position within development, ownership and operations of ship for the subsea, marine seismic and ice/support market by combining good financial results with verifiable and professional business operations. To achieve this, the company sets a high standard for corporate governance, in compliance with The Norwegian Code of Practice for Corporate Governance (cf. most recent edition dated 23 October 2012).

A more detailed description of the group's Corporate Governance is provided in a separate chapter in the annual report.

PAYROLL EXPENSES AND OTHER REMUNERATION TO EXECUTIVE MANAGEMENT

Please refer to note 7 in the parent company's Financial Statement for details on payroll expenses and other remuneration to executive management. The note also outlines the principles for such compensation.

GENERAL MEETING

General meeting for 2012 will be held on 12 April 2013.

OUTLOOK

At the beginning of 2013, oil prices remain at a high and stable level, and there is still a strong, underlying sentiment in the offshore market. Due to the high price of oil, decisions are made to develop a number of new fields. At the same time, reduced oil production in mature regions will require more investment in infrastructure, technology and exploration. Oil activity will take place in less accessible areas in the future, calling for an even greater demand for advanced and flexible vessels for subsea operations.

This provides a good basis for growth for suppliers of subsea vessels. Outlook for the marine seismic segment is good, based on increased demand of quality tonnage in particular, and combined with a clear overview of suppliers. GC Rieber Shipping also observes increased focus on activities in Arctic environments, but it is still too early to predict the scope and timeline of such activities.

GC Rieber Shipping is favourably positioned within its segments at the beginning of 2013. Contract coverage for the company is 100 percent for 2013, with balanced duration and risk. This ensures stable earnings and predictability. The company has a strong financial position with good liquidity, enabling it to consider new investments.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2012 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the International Accounting Standards Board and adopted by the EU effective as at 31 December 2012, and that the information gives a true and fair view of the group's assets, liabilities, financial position and profit or loss as a whole, and a fair review of the information as stated in the Norwegian Securities Trading Act, § 5-6 fourth section. We also confirm, to the best of our knowledge, that the annual report includes a fair review of important events that have occurred in the accounting period and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the coming accounting period, and major related parties transactions.

Bergen, 15 March 2013
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Hans Olav Lindal
Vice-chairman

Kristin Færøvik

Georg Nygaard

Tove Lunde

Irene Waage Basili
CEO

FINANCIAL STATEMENTS
THE GC RIEBER SHIPPING ASA GROUP

/ PROFIT AND LOSS STATEMENT
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	2012	2011
OPERATING INCOME			
Charter income		721 589	537 643
Other operating income		59 571	88 144
Total operating income		781 160	625 787
OPERATING EXPENSES			
Voyage expenses		-13 915	-3 623
Vessel operating expenses		-107 696	-105 222
Crew and catering expenses	7	-177 367	-126 743
Administration expenses	7, 20, 21	-105 446	-123 185
Total operating expenses		-404 423	-358 772
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**376 736**	**267 015**
Depreciation	11	-163 203	-147 517
Write-down	11, 12	-18 543	-2 571
Gains (losses) on disposal of subsidiary	24	19 137	0
Gains (losses) on sale of fixed assets	11	0	969
Operating profit		214 127	117 897
FINANCIAL INCOME AND EXPENSES			
Income (loss) from investing in associated company	5	-4 139	-17 944
Financial income	22	24 446	23 105
Financial expenses	22	-77 865	-54 983
Changes in market value of financial current assets	15, 22	13 808	3 555
Realized currency gains (losses)	22	-4 070	52 770
Unrealized currency gains (losses)	22	43 253	-15 014
Net financial income and expenses		*-4 567*	*-8 511*
Profit before taxes		**209 560**	**109 385**
Taxes	8	-29 613	5 375
PROFIT FOR THE YEAR		**179 947**	**114 760**
Non-controlling interests		19 227	-3 611
Profit after non-controlling interests		**199 174**	**111 150**
Earnings and diluted earnings per share	9	4.56	2.55

STATEMENT OF COMPREHENSIVE INCOME (NOK 1000)

		2012	2011
Profit for the year		179 947	114 761
Other comprehensive income:			
Foreign currency translation subsidiaries		-87 645	26 482
Changes in pension estimates		16 486	4 472
Tax effect changes in pension estimate		-4 616	-1 252
Adjustment to associated company		-6 262	17 404
Comprehensive income for the year		97 910	161 867
Non-controlling interests		26 303	-3 611
Comprehensive income for the year after non-controlling share		**124 213**	**158 257**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2012	31.12.2011
ASSETS			
FIXED ASSETS			
Intangible assets	12	0	6 736
Deferred tax asset	8	49 112	67 777
Goodwill	12	0	13 334
Total intangible fixed assets		*49 112*	*87 847*
Vessels	11	2 520 088	2 734 257
Newbuilding contracts	11	80 124	0
Machinery and equipment	11	47 439	63 915
Total tangible fixed assets		*2 647 651*	*2 798 172*
Investments in associated companies	5	205 661	176 062
Long-term loan to associated companies	5	31 550	0
Other long-term receivables	20	117 483	165 432
Total financial fixed assets		*354 694*	*341 494*
Total fixed assets		**3 051 457**	**3 227 513**
CURRENT ASSETS			
Stores	13	3 164	7 623
Total Inventories		*3 164*	*7 623*
Accounts receivables	14	123 088	100 221
Other current assets	14	121 605	66 610
Total debtors		*244 693*	*166 832*
Quoted financial investments	15	29 018	25 043
Total investments		*29 018*	*25 043*
Cash and bank deposits	*16*	*217 174*	*433 908*
Total current assets		**494 049**	**633 405**
TOTAL ASSETS		**3 545 505**	**3 860 918**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2012	31.12.2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital (43,812,800 shares at NOK 1.80)	17, 21	78 863	78 863
Portfolio of own shares (150,800 shares at NOK 1.80)	17	-271	-271
Share premium reserve		16 604	16 604
Total restricted equity		*95 196*	*95 196*
Other equity		1 699 896	1 615 298
Total retained earnings		*1 699 896*	*1 615 298*
Non-controlling interests		0	203 277
Total equity		**1 795 092**	**1 913 770**
LIABILITIES			
Pension liabilities	19	12 556	35 748
Tax payable	8	0	17 168
Total provisions		*12 556*	*52 916*
Liabilities to financial institutions	18	1 262 530	1 539 941
Other long term liabilities		1 618	4 700
Total other long term liabilities		*1 264 148*	*1 544 641*
Liabilities to financial institutions	18	343 802	187 292
Accounts payable		37 990	54 136
Tax payable	8	31 502	26 190
Public duties payable		20 656	19 553
Intragroup liabilites	21	2 793	1 639
Other current liabilities		36 966	60 781
Total current liabilities		*473 710*	*349 591*
Total liabilities		**1 750 414**	**1 947 148**
TOTAL EQUITY AND LIABILITIES		**3 545 505**	**3 860 918**

Bergen, 15 March 2013
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Hans Olav Lindal
Vice-chairman

Kristin Færøvik

Georg Nygaard

Tove Lunde

Irene Waage Basili
CEO

/ STATEMENT OF CASH FLOW
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	209 560	109 386
Taxes paid	-22 029	-33 850
Depreciation	163 203	147 517
Write-downs on fixed assets	18 543	2 571
Gains on sale of fixed assets	0	-969
Gains on sale of disposal of subsidiary	-19 137	0
Loss from investing in associated company	4 139	18 363
Changes in market value of financial current assets	-8 316	0
Unrealized currency losses (gains)	-15 121	-967
Change in stock	4 459	136
Change in accounts receivables	-69 861	17 239
Change in current liabilities	-45 703	13 835
Change in other current assets and other liabilities	-13 979	-1 365
Net interest paid	42 530	21 986
Net cash flow from operating activities	**248 289**	**293 883**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments from investments in financial assets	17 741	0
Net effect for sold subsidiary	-2 055	0
Payments from sale of financial fixed assets	0	89 798
Payments for investments in fixed assets	-169 738	-759 966
Payments for investments in financial fixed assets	-274 073	-232 584
Net cash flow from investment activities	**-428 126**	**-902 753**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from taking new long-term liabilities	220 000	989 147
Payment of instalments on long-term liabilities	-188 561	-209 902
Change in short term liabilities to financial institutions	0	-200 000
Net interest paid	-42 530	-21 986
Dividend payment	-21 831	-21 831
Net cash flow from financing activities	**-32 922**	**535 428**
Net change in bank deposits, cash and quoted financial investments	-212 759	-73 443
Bank deposits, cash and quoted financial investments at 01.01.	458 951	532 395
Bank deposits, cash and quoted financial investments at 31.12.	**246 192**	**458 951**

/ STATEMENT OF CHANGES IN EQUITY
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Share capital	Own shares	Share premium reserve	Foreign currency translation	Other equity	Non-controlling interests	Total equity
Balance at 1 January 2011	78 863	-271	16 604	-164 604	1 668 487	195 213	1 794 292
Profit for the year	0	0	0	0	111 150	3 611	114 761
Other comprehensive income	0	0	0	31 836	15 270	0	47 106
Total income and expense	*0*	*0*	*0*	*31 836*	*126 420*	*3 611*	*161 867*
Non-controlling interests:							
- Changes in minority Octio AS	0	0	0	0	-16 446	16 446	0
- Reclassification	0	0	0	11 992	0	-11 992	0
- Addition minority Reef Subsea Group	0	0	0	0	-21 495	0	-21 495
Other changes	0	0	0	0	938	0	938
Dividends to the shareholders	0	0	0	0	-21 831	0	-21 831
Balance at 31 December 2011	**78 863**	**-271**	**16 604**	**-120 776**	**1 736 074**	**203 277**	**1 913 770**
Balance at 1 January 2012	78 863	-271	16 604	-120 776	1 736 074	203 277	1 913 770
Profit for the year	0	0	0	0	199 174	-19 227	179 947
Other comprehensive income	0	0	0	-80 568	5 608	-7 076	-82 036
Total income and expense	*0*	*0*	*0*	*-80 568*	*204 782*	*-26 303*	*97 911*
Non-controlling interests:	0	0	0	0	0	0	0
- Changes in minority Octio AS	0	0	0	0	9 619	-9 619	0
- Non controlling interest buy-out	0	0	0	0	-35 168	-167 355	-202 523
Other changes	0	0	0	0	7 764	0	7 764
Dividends to the shareholders	0	0	0	0	-21 831	0	-21 831
Balance at 31 December 2012	**78 863**	**-271**	**16 604**	**-201 344**	**1 901 240**	**0**	**1 795 092**

/ NOTES
THE GC RIEBER SHIPPING ASA GROUP

NOTE 1 – CORPORATE INFORMATION

GC Rieber Shipping's business within offshore/shipping includes ownership in specialised vessels, high quality marine ship management, and project development within the segments subsea, ice/support and marine seismic. The group has a unique competence in offshore operations in harsh environments as well as design, development and maritime operation of seismic vessels.

GC Rieber Shipping currently operates fifteen advanced special purpose vessels for defined markets within the subsea, ice/support and marine seismic segments, of which eleven are owned by the company.

The company has its registered office and is headquartered in Bergen with ship management companies in Sevenoaks (England) and Yuzhno-Sakhalinsk (Russia). The company is listed on the Oslo Stock Exchange with ticker RISH. Further information is available on the company's website www.gcrieber-shipping.no.

The financial statements were authorised for issue by the Board of Directors on 15 March 2013.

NOTE 2 - ACCOUNTING PRINCIPLES

2.1 MAIN PRINCIPLE

The consolidated financial statements of the GC Rieber Shipping ASA Group, including comparable figures, have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant interpretations, which have been published by the International Accounting Standards Board and approved by the EU, effective as at 31.12.12.

The consolidated financial statements have been prepared on a historical cost basis, except for the recognition of the following assets:

- investments held for sale
- financial assets and liabilities (including financial derivatives) which are recognised in the financial statements at fair value and for which the changes in fair value are recognised in the profit and loss statement.

The preparation of financial statements in accordance with IFRS requires the use of estimates (note 2.24). The application of the Group's accounting principles also requires management to perform professional judgment. Areas which to a large extent involve judgmental assessments, high degree of complexity or for which assumptions and estimates are material for the consolidated financial statements, are described in the accompanying notes.

2.2 CHANGES IN ACCOUNTING PRINCIPLES

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2013 or later periods, but have not been adopted early by the Group:

IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 imply that the items presented in other comprehensive income (OCI) shall be grouped in two categories. 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 gain or loss on available-for-sale financial assets) shall be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The amendments affect the presentation only and have no impact on the Group's financial position or performance. The amendments become effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements at the time of implementation.

IAS 19 *Employee Benefits*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. Removing the corridor mechanism implies that actuarial gains and losses shall be recognised in other comprehensive income (OCI) in the current period. The amendments to IAS 19 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 amendments are effective for accounting periods beginning on or after 1 January 2013. The Group expects to apply the standard from 1 January 2013 onwards. The application of the amended standard is not expected to have a material influence on the presentation of its financial statements at the time of implementation.

IAS 28 *Investments in Associates and Joint Ventures*
As a consequence of the new standards IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investment in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Within the EU/EEA area, the amendments are effective for annual periods beginning on or after 1 January 2014.

The Group expects to apply the amended standard from 1 January 2014 onwards. As a result of this amendment, the Group's share of assets, liabilities, revenues and expenses related to investments in joint ventures which have been incurred jointly with the other participants will no longer be included in the Group's balance sheet and profit and loss statement. See note 4 for an overview over these P&L and balance sheet items. Instead, the investment in jointly controlled enjoin ventures will be presented as separate line item in the balance sheet, equal to net assets (share of equity) shown in the table in note 4. The investment will be recognised at an amount equal to Group's share of equity in the joint venture, and the Group's share of profit or loss will be recognised in the income statement.

IAS 32 *Financial Instruments: Presentation*
IAS 32 is amended in order to clarify the meaning of "currently has a legally enforceable right to set-off" and 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 are effective for annual periods beginning on or after 1 January 2014.

The Group expects to apply the standard from 1 January 2014 onwards. The application of the amended standard is not expected to have a material influence on the presentation of its financial statements at the time of implementation.

IFRS 7 *Financial Instruments: Disclosures*
The amendments imply that entities are required 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 agreements 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. The amendments are effective for annual periods beginning on or after 1 January 2013.

The Group expects to apply the standard from 1 January 2013 onwards. The application of the amended standard is not expected to have a material influence on the presentation of its financial statements at the time of implementation.

IFRS 9 *Financial Instruments*
IFRS 9, as issued, reflects the first phase of IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for accounting periods beginning on or after 1 January 2013, but amendments to IFRS 9 issued in December 2011 moved the mandatory effective date to 1 January 2015. Subsequent phases of this project will address hedge accounting and impairment of financial assets.

The Group will evaluate potential effects of IFRS 9 in accordance with the other phases as soon as the final standard, including all phases, is issued.

IFRS 10 *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements*
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. As a result, the Group has evaluated the entities to be consolidated pursuant to IFRS 10 and compared with the requirements of the current IAS 27. The definition of control in IFRS 10 differs slightly from the definition in IAS 27. IFRS 10 identifies the concept of control as the determining factor in whether an entity is to be included in the consolidated financial statements. Control exists when the investor has power over an investee, exposure or rights to variable returns from the investee, and the ability to use power to affect its returns from the investee. Within the EU/EEA area, IFRS 10 is effective for annual periods starting on or after January 2014. The Group expects to apply IFRS 10 from 1 January 2014 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements at the time of implementation.

Amendments to IFRS 10, IAS 27 and IFRS 12 related to Investment Entities

Amendments to IFRS 10 imply that enterprises defined as investment entities no longer shall consolidate their subsidiaries. With one exception – subsidiaries engaged in investment related services to the investment entity shall be consolidated. Other investments in subsidiaries, joint ventures and associates shall be recognised at fair value through profit and loss. Investment entities are required to recognise all subsidiaries at fair value through profit and loss pursuant to IFRS 10, and present the separate financial statements as their only financial statements. The disclosure requirements are extended.

The amendments are effective for annual periods beginning on or after 1 January 2014, but the EU has not yet approved the amendments. The amendment is not expected to have a material influence on the presentation of the Group's financial statements at the time of implementation.

IFRS 11 *Joint Arrangements*

This standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. All entities meeting the definition of a joint venture must be accounted for using the equity method. Within the EU/EEA area, IFRS 11 is effective for annual periods beginning on or after 1 January 2014. The Group expects to apply IFRS 11 from 1 January 2014 onwards. The amendment is not expected to have a material influence on the presentation of the Group's financial statements at the time of implementation.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 applies for enterprises with interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 replaces the disclosure requirements that were previously included in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. Within the EU/EEA area, IFRS 12 is effective for annual periods beginning on or after 1 January 2014.

The Group expects to apply IFRS 12 from 1 January 2014 onwards. The amendment is not expected to have a material influence on the presentation of the Group's financial statements at the time of implementation.

IFRS 13 *Fair Value Measurement*

The standard establishes a single source of guidance under IFRS for all fair value measurements, i.e., for requirements of all standards related to measuring fair value for assets and obligations. IFRS 13 is effective for annual periods beginning on or after 1 January 2013.

The Group expects to apply IFRS 13 from 1 January 2013 onwards. The amendment is not expected to have a material influence on the presentation of the Group's financial statements at the time of implementation.

IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 clarify the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the presentation of the previous period's comparative information will meet the minimum requirements. The amendments have no impact on the Group's financial position or performance and are effective for annual periods beginning on or after 1 January 2013, but the EU has not yet approved the amendments.

IAS 32 *Financial Instruments: Presentation*
The amendment clarifies that income taxes arising from distributions to equity holders shall be accounted for in accordance with IAS 12 Income Taxes. The amendment is effective for annual periods beginning on or after 1 January 2013, but has not yet been approved by the EU. The amendment is not expected to have a material influence on the presentation of the Group's financial statements at the time of implementation.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation 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 (functional currency NOK or USD). The consolidated financial statements are presented in NOK which is the parent company's functional and presentation currency.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the profit and loss statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investments hedges (see below).

Foreign operations

When the operation of a foreign company is integrated into the Group, translation of the transactions is performed as if the Group had carried out the transactions in a foreign currency.

At the balance sheet date, monetary items are translated at the exchange rate in effect at the balance sheet date, non-monetary items are translated at the historical exchange rate in effect on the date of the transaction, and non-monetary items that are assessed at fair value are translated at the exchange rate in effect on the date of the assessment of fair value.

Revenue and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange rate fluctuations are recognised in the profit and loss statement as they occur during the accounting period.

Foreign entities

The majority of the consolidated foreign subsidiaries are deemed to be independent entities since they are financially, economically and organisationally independent. Non-independent entities are regarded as foreign operations. The functional currency of foreign entities is normally the local currency. The balance sheet is translated at the rate in effect at the balance sheet date, while the profit and loss statement is translated at the average exchange rate for the accounting period.

Exchange differences that arise as a result of this are included in the statement of comprehensive income. Upon the disposal of foreign subsidiaries the accumulated currency exchange rate differences related to the subsidiary are recognised in the profit and loss statement.

2.4 CONSOLIDATION PRINCIPLES

The consolidated accounts for the Group include GC Rieber Shipping ASA and the companies in which GC Rieber Shipping ASA has a controlling interest. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50 percent of the shares in the company and the Group is able to exercise control over the company. Non-controlling interests are included in the Group's equity. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting principles.

Business combinations are accounted for using the acquisition accounting method. Companies which are acquired or sold during the period are included in the consolidated financial statements from the point in time when the parent company acquires control or when the control ceases.

Jointly controlled entities are entities over which the Group has joint control through a contractual agreement between the parties. The consolidated financial statements include jointly controlled entities using proportionate consolidation from the date the joint control arises until the date the joint control ceases. The Group includes its proportionate share of assets, liabilities, revenues and costs in the jointly controlled entity, line by line, in the consolidated financial statements. The financial statements for the jointly controlled entity are prepared during the same period as the parent company and using consistent accounting principles.

Intra-group transactions and balances, including internal profits and unrealised gains and losses, are eliminated in full. Unrealised gains from transactions with associated companies are eliminated in the Group's share of the associated companies. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The consolidated financial statements have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised 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.

2.5 CASH AND BANK DEPOSITS
Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

2.6 TRADE RECEIVABLES
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is accounted for when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or insufficient payments (more than 30 days overdue) are considered indicators that the trade receivables are impaired. The provision is equal to the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the trade receivables is reduced through the use of an allowance account, and changes in the loss provision are recognised in the profit and loss statement as operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit and loss statement.

2.7 INVENTORIES ON THE VESSELS
Inventories on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using purchase cost on a first in, first out basis, and includes costs accrued in acquiring the inventories and bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

2.8 FIXED ASSETS

Fixed assets are decomposed for depreciation purposes. Components that represent a substantial portion of the vessel's total cost price are isolated for depreciation purposes, and are depreciated over their expected useful lives. The useful life is the period that the Group expects to use the vessel, and this period can thus be shorter than the economic life. If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively.

For vessels, the straight line method for ordinary depreciation is applied, based on an economic life of 25 years from when the vessel was new. With reference to IAS 16, Property, Plant and Equipment, the Group uses estimated recoverable amount as residual value. In special circumstances the Group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels.

Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.

The depreciation period and method is assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the market price for steel as at the balance sheet date.

Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the profit and loss statement.

The write-down of assets is considered at each reporting date when there is indication of impairment in value. If the carrying amount of an asset is higher than the recoverable amount, the asset will be written down over the profit and loss statement. The recoverable amount is the higher of the net sales price and discounted cash flow from continued use. The net sales price is the amount that can be raised from sale to an independent third party less sales costs. The recoverable amount is determined separately for all assets, or if this is not possible, together with the unit that the asset belongs to.

Write-downs recorded in prior periods are reversed when there is information indicating that there is no longer any need for the write-down or the correct write-down amount has changed. The reversal is recorded as income or an increase in other reserves. However, the reversal will not be performed if the reversal entails that the recorded value will exceed the recorded value using normal depreciation periods.

The Group capitalises expenses incurred at the docking of the Group's vessels and amortises these expenses over the period until the next docking (the capitalisation method).

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

2.9 LEASES

The Group as a lessor:

Financial leases

The Group presents leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant rate of return on the net investment outstanding over the lease period. Initial direct costs incurred in establishing the lease are included as part of the lease receivable.

Operational leases

The Group presents leased assets as fixed assets in the balance sheet. The rental amount is taken to revenue linearly over the lease period. Initial direct costs incurred in establishing the lease relationship are included in the carrying amount of the leased asset and expensed during the lease period.

The Group as a lessee:

Financial leases

The Group presents its financial leases in the financial statements in accordance with IAS 17; Leases, as assets and liabilities, at the asset's cost, or if lower, at the present value of the minimum lease payments. When calculating the present value of the minimum lease payments, the implicit interest rate in the financial lease agreement is applied when this can be determined. If the implicit interest rate cannot be determined, the company's marginal borrowing rate in the market is used. Direct costs related to the lease agreement, are included in the asset's cost. The monthly lease payments are separated into an interest element and an instalment.

Assets which are part of a financial lease agreement are depreciated. The depreciation period is consistent for similar assets owned by the Group. If it is uncertain whether the company will take ownership of the asset at the end of the leasing period, the asset is depreciated over the shorter of the period of the agreement's rental period and the depreciation period for similar assets owned by the Group.

Operational leases

Leases in which all substantial risk and benefits of ownership remain with the lessor are classified as operational leases. The lease payments are classified as operating expenses and are taken to the profit and loss linearly over the contractual period.

2.10 FINANCIAL INSTRUMENTS

In accordance with IAS 39, Financial Instruments: Recognition and Measurement, financial instruments are classified in the following categories: at fair value through profit and loss (held for trading purposes), held to maturity investments, loans and receivables and available-for-sale.

At initial recognition of financial instruments, the Group capitalises a financial instrument when, and only when, it has become a part of the instrument's contractual arrangement. When financial instruments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit and loss, directly attributable transaction or share capital costs.

All purchases and sales of financial instruments are recognised on the transaction date.

Financial assets at fair value through profit and loss

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices, financially motivated investments in obligations and other securities which enter into a trade portfolio or derivatives which are not classified as hedge instruments or is a financial guarantee contract, are classified as financial assets at fair value through profit or loss. The same applies to financial instruments which qualify for, and are designated as, financial assets at fair value through profit and loss.

Financial instruments that are classified at fair value through profit and loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for sale costs. Financial assets at fair value through profit or loss are classified as current assets.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit and loss are recognised in the profit and loss statement and presented net as financial income/expense.

Held-to-maturity investments

Held-to-maturity investments are non-derivative assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity, except those investments classified as financial assets at fair value for which the changes in value are recognised in the profit and loss statement and available for sale investments or loans and receivables.

Held-to-maturity investments are measured at amortised cost using the effective interest method. The effective interest method is used to calculate the amortised cost and to allocate interest income or interest cost over a relevant period. Profit or loss are recognised in profit and loss through the amortisation process or when the financial instruments (a) are derecognised, (b) are impaired, or (c) increase in carrying amount as earlier impairments are reversed.

Financial instruments which are held to maturity are included in financial fixed assets unless the maturity date is less than 12 months after the balance sheet date.

Loans and receivables

Financial assets with fixed or determinable payments which are not quoted in an active market are classified as loans and receivables, except those instruments classified as financial assets at fair value whose changes in value are recognised over the profit and loss statement, and the financial instruments available for sale.

Loans and receivables are measured at amortised cost and are classified as current assets.

Available for sale investments

All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. They are included in non-current assets, except for investments which the Group has the intention to sell within 12 months after the balance sheet date.

Financial instruments that are classified as available for sale through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale.

Interest earned on available for sale investments using the effective interest rate method is taken to the profit and loss and presented under financial income. Dividends earned on investments are recognised in the profit and loss under financial income when the right to payment has been established.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, and option pricing models.

Hedging

The Group has decided not to apply hedging accounting according to IAS 39, Financial Instruments; Recognition and measurement in 2012.

Derivative financial instruments which are not classified as hedging instruments are classified as fair value through profit and loss and are measured at fair value. Changes in fair value are recognised in profit and loss.

An embedded derivative will be separated from the host contract and classified as a derivative if the following conditions are fulfilled:

- The economic characteristics and risks of embedded derivatives are not closely related to those of the host contract
- Separate instruments with similar terms as the embedded derivatives exist, which satisfy the conditions for a derivative
- The combined instrument (host contract and embedded derivative) is not measured at fair value through profit and loss.

2.11 INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the acquisition cost and the fair value of the net identifiable assets on the date of the acquisition. For investments in associated companies, goodwill is included in the recorded carrying amount of the investment.

Goodwill is recognised at cost, less any accumulated write-downs. Goodwill is not amortised, but tested annually for impairment at the balance sheet date.

Regarding impairment testing, goodwill that has been acquired through business combinations, shall be allocated to each of the acquirer's cash generating units ("CGUs") or groups of cash generating units, that are expected to benefit from synergies following the combination, regardless of whether any of the acquired company's assets or liabilities have been allocated to any of these units or groups of units. Each unit or group of units to which goodwill is allocated, shall:

- represent the lowest level within the Group where goodwill is supervised for internal management purposes
- not be larger than a segment based on the Group's primary or secondary reporting, presented in accordance with IFRS 8, Segment Reporting.

A CGU to which goodwill is allocated shall be tested for impairment on an annual basis or when there are indications of impairment, by comparing the unit's capitalised value, including goodwill, with the unit's net recoverable amount. If the unit's capitalised value exceeds the unit's net recoverable amount, the Group shall record the impairment in the profit and loss statement. Losses due to impairment in previous periods cannot be reversed in following periods. The Group prepares impairment tests at year-end.

Negative goodwill which arises through business combinations is taken to the profit and loss at the date of the acquisition.

2.12 RESEARCH AND DEVELOPMENT
Expenses related to research are recognised in the profit and loss statement when they are incurred. Expenses related to development are recognised in the profit and loss statement when they are incurred unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the operations;
- the asset will generate future financial benefits; and
- there are adequate technical, financial and other resources to complete the project.

When all the above criteria have been met, the capitalisation of expenses related to development is carried out. Expenses which have been charged to profit and loss in earlier accounting periods are not capitalised. Expenses which are capitalised include costs of material, direct wages and a part of directly attributable common expenses. Capitalised development costs are measured at cost less accumulated depreciation costs and impairment losses.

Capitalised development costs are depreciated on a straight line basis over the estimated useful life of the asset.

2.13 PROVISIONS
Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the company has an existing liability (legal or assumed) as a consequence of events which have taken place, it is probable (more likely than not) that a financial settlement will occur and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and they reflect the best estimate of the respective liabilities. When the time factor is insignificant, the size of the provisions will be equal to the size of the expense required for redemption from the obligation. When the time factor is significant, the provisions will be equal to the net present value of future payments to cover the obligation. Increases in provisions due to the time factor will be presented as interest expenses.

2.14 EQUITY
Liabilities and equity
Financial instruments are classified as liabilities or equity, in accordance with the underlying financial reality.

Interest, dividends, gains and losses related to financial instruments classified as liabilities are presented as an expense or income. Distributions to the financial instruments holders, whose financial instruments are classified as equity, will be recorded directly against equity. When rights and obligations related to how distributions from financial instruments are made are dependent on certain types of uncertain events in the future that lie beyond the control of the issuer and holder, the financial instrument will be classified as a liability unless the probability that the issuer must contribute cash or other financial assets is remote at the time of issuance. In such cases the financial instrument will be classified as equity.

Convertible bonds which contain both a liability and an equity element are divided into two components upon issue based on the net present value of the bond's cash flow, and each of these elements is accounted for separately as a liability and equity.

Own shares
The nominal value of the company's own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains originating from transactions with the company's own shares are not recorded in the profit and loss statement.

Equity transaction costs
Transaction costs related to equity transactions are recognised directly against equity after the deduction of tax. Only transaction costs directly related to the equity transaction are recorded in comprehensive income.

Other equity
Foreign currency exchange differences
Foreign currency exchange differences arise in connection with translation of foreign currency transactions in the consolidation of foreign entities. Foreign currency exchange differences with respect to monetary items (liabilities or receivables) that are in reality part of the company's net investment in a foreign unit are treated as foreign currency exchange differences. Upon the disposal of a foreign unit the accumulated foreign currency exchange differences related to that entity are reversed and recorded in the profit and loss statement in the same period that the gain or loss on the disposal is recorded.

2.15 NON-CONTROLLING INTERESTS
Non-controlling interests in subsidiaries are included in the Group's equity as a separate line item. Non-controlling interests consist of non-controlling interests at the date of the original combination (net fair value of assets, debt and liabilities, with the exception of goodwill) and non-controlling interests' share of changes in equity since the date of the combination. Increases in non-controlling interests as a result of capital injections in subsidiaries or purchase of shares from controlling interests, are recorded at fair value as non-controlling interests. Identified excess values are allocated to non-controlling interests and amortised and written down through the non-controlling interests' share of income.

2.16 REVENUE RECOGNITION
Revenue is recognised when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Sales revenues are recorded less value added tax and discounts.

Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income. Management fees for project management, building supervision and maritime operations of vessels for external owners are presented as other operating income.

Dividend income
Dividend income is recognised when the shareholders' right to receive dividends have been approved by the general meeting.

2.17 PENSIONS
The Group accounts for its pensions schemes in accordance with IAS 19, Employee Benefits.

The companies within the Group have different pension schemes. In general, the pension schemes are financed through payments to insurance companies or pension funds, as determined by periodical actuarial calculations. The Group has both defined contribution plans and defined benefit plans. A defined contribution plan is a pension scheme in which the Group pays fixed contributions to a separate legal entity. The Group has no legal or other commitment to pay further contributions if the entity does not have adequate funds to pay all employees the benefits related to the earned contribution in current and previous periods.

A pension scheme which does not meet the definition of a defined contribution plan is defined as a defined benefit plan. The Group's commitment to the employees consists of an obligation to contribute pension payments of a certain amount. The pension plan describes how the pension is calculated. The salary at or just before retirement, as well as the length of employment in the company, are factors which will normally influence the pension.

The pension funds in defined benefit plans are measured at fair value. The pension obligation and the pension costs are determined by use of a linear contribution calculation. A linear contribution calculation distributes the contribution of future pension benefits linearly over the contribution period, and regards the earned pension rights of the employees during a period as the pension cost of the year. The introduction of a new defined benefit plan or an improvement of an existing defined benefit plan will entail changes in the pension obligation. The change in the pension obligation will be taken into account in the profit and loss statement linearly over the relevant period, until the full effect of the change has been recognised. The introduction of new plans or changes of existing plans which happens with retroactive effect, implying that the employees have immediately earned a pension benefit (or a change in pension benefit), is immediately taken into account in the profit and loss statement. Gains or losses related to downsizing or the termination of pension plans are recorded in profit and loss when they occur. Actuarial gains or losses are recognised in the comprehensive income.

The pension obligation is calculated as the present value of future cash flows. The discount rate is equal to the interest rate on covered bonds (OMF). The calculations have been performed by a qualified actuary.

With regards to defined contribution plans, the Group pays premiums to publicly or privately administered insurance plans for pensions on a mandatory, contractual or voluntary basis. The Group has no further payment commitment after the premiums have been paid. The premium payments are recorded as payroll expenses when they are due. Prepayments are recorded as an asset to the extent they can be refunded or will reduce future premium payments.

2.18 LOANS

Borrowing costs are recognised in the profit and loss statement when they incur. Borrowing expenses are capitalised if they are directly related to the purchase, construction or production of a fixed asset. The capitalisation of borrowing expenses occurs when interest expenses are incurred during the construction of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is placed into service. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

Loans are recorded as the proceeds that are received, net of any transaction costs. Loans are subsequently accounted for at the amortised cost through application of the effective interest rate, where the difference between the net proceeds and redemption value is recognised in the profit and loss statement over the term of the loan.

2.19 TAXES

Taxes consist of the tax payable and change in deferred tax. Deferred tax liabilities/assets are calculated based on the differences between the financial and tax values of assets and liabilities, with the exception of:

- deferred tax that arises as a result of goodwill depreciation that is not tax deductible
- temporary differences related to investments in subsidiaries, associated companies or joint ventures, where the Group determines when the temporary differences will be reversed and this is not assumed to occur in the foreseeable future.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. On each balance sheet date, the Group will review unrecognised deferred tax assets and the carrying amount of such assets. The companies record prior unrecognised deferred tax assets in the accounts if it becomes probable that the company can use the deferred tax asset. Correspondingly, the Group will reduce the deferred tax asset if the company can no longer benefit from the deferred tax asset.

Deferred tax liabilities and assets are measured based on the current tax rates and tax legislation that apply to the companies in the Group where temporary differences have arisen at the balance sheet date.

Deferred tax liabilities and assets are recorded in the accounts regardless of when the differences will be reversed. Deferred tax liabilities and assets are recorded at their nominal value and are classified as fixed asset investments (long-term liabilities) in the balance sheet.

Tax payable and deferred tax related to changes in pension estimates is recognised in the statement of comprehensive income. The tax effect of a particular item is specified in the statement of comprehensive income.

Tax payable and deferred tax assets/liabilities are measured at the tax rate that applies to accrued, undistributed equity. The tax effects of dividends are taken into account when the company has incurred a liability to distribute a dividend.

After the changes in the shipping tax regime with effect from 01.01.2000, foreign exchange rate gains and losses are included in taxable financial income, and long term liabilities in USD were converted using the exchange rate as at 31.12.1999 when calculating the value upon entry. At the same time, companies subject to the shipping tax regime were allowed to carry forward negative taxable financial losses against positive financial income in future years. From 01.01.2010 onwards, realisations of financial instruments, for which the agreement is settled after 01.01.2010, are subject to taxation with a proportion equal to the proportion of financial instruments in the underlying company, compared to 100 percent taxation in the past. Temporary differences regarding financial items are offset when calculating the deferred assets/liabilities, amounting to 28 percent of the temporary differences. The accounting treatment follows the general principles for capitalisation.

2.20 CLASSIFICATION OF ASSETS AND LIABILITIES IN THE BALANCE SHEET

Assets meant for permanent ownership or use and receivables which are due later than one year after the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities which are due later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities.

First year's instalments on long-term debt are classified as current liabilities in the balance sheet.

2.21 OPERATING SEGMENTS

The Group presents financial numbers for the following business segments; ice/support, subsea and marine seismic. The Group's vessels can perform assignments within several of the business segments. Indirect attributable costs are allocated to the operating segments. Financial information regarding the segments is presented in note 6. Internal profit originating from transactions between the business segments is eliminated in the segment reporting.

2.22 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are defined as

- possible liabilities resulting from prior events for which the existence of the liability is dependent on future events.
- liabilities which have not been recognised because it is not probable that they will lead to any payments.
- liabilities which cannot be measured with an adequate degree of reliability.

Contingent liabilities are not recorded in the annual accounts. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low.

Contingent assets are not recorded in the financial statement; however they will be disclosed if there is a certain probability that they will benefit the Group.

2.23 EVENTS AFTER THE BALANCE SHEET DATE

New information influencing the Group at the balance sheet date has been incorporated into the financial statements.

Events occurring after the balance sheet date, and which do not affect the Group's position at the balance sheet date, but will affect the Group's position in the future, have been disclosed if material.

2.24 USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Management has applied estimates and assumptions which have affected the assets, liabilities, income and expenses, as well as the disclosures regarding potential obligations. This particularly relates to the depreciation of fixed assets, the estimation of pension obligations, the capitalisation of deferred tax assets (note 2.19 and note 8), assessment of goodwill and R&D (note 2.12 and note 12), provisions for liabilities, and write-downs of fixed assets when there are indications of impairment. The estimates may change as a consequence of future events. The estimates and the underlying assumptions are reassessed on a regular basis. Changes in accounting estimates are recognised in the profit and loss statement in the period from which they apply. If the changes also relate to future periods, the effect will be distributed over the present period and future periods.

The Group's pension costs and pension liabilities are calculated by an actuary and are based on specific assumptions. Changes in these assumptions will result in altered pension estimates. Estimated discount rate and expected future wage adjustments have the greatest impact on the pension estimates for the Group. Pension costs, pension liabilities and specific assumptions are presented in note 19.

Goodwill is tested annually for impairment at the balance sheet date (note 12). Recoverable amount from cash generating units is based on the Group's value in use. Value in use calculations are based on discounted before tax cash flows, which requires use of estimates.

The Group's depreciation profile for fixed assets is based on estimates of value in use and residual value. Value in use is estimated on the basis of expected useful lives for the vessels, estimated to 25 years for new vessels (note 2.8 and note 11). For vessels which have been acquired in the second hand market and thereafter upgraded and/or converted, the expected useful life of the vessels is estimated to up to 30 years. Residual values are estimated to the recoverable amount at the end of the vessel's useful life.

The Group capitalises expenses incurred during dry docking of the Group's vessels and amortises these expenses over the period until the next dry docking.

Deferred tax assets are recognised in the balance sheet when it is probable that the company will have sufficient taxable profit going forward to benefit from the tax asset. Deferred tax assets are recorded at nominal value in accordance with IAS 12.

2.25 CASH FLOW STATEMENT

The Group's cash flow statement shows the Group's consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the Group's cash and cash equivalents. The cash flow statement is presented based on the indirect method. The Group's cash and cash equivalents include both bank deposits and quoted investment bonds and certificates as these financial instruments can be converted into cash immediately.

NOTE 3 – GROUP COMPANIES

The consolidated financial statements consist of GC Rieber Shipping ASA and the following subsidiaries:

Company	Business office	Parent company	Owner's share
GC Rieber Shipping AS	Norway	GC Rieber Shipping ASA	100 %
Polar Ship Invest II AS	Norway	GC Rieber Shipping ASA	100 %
Polar Ship Invest III AS	Norway	GC Rieber Shipping ASA	100 %
Polar Ship Invest IV AS	Norway	GC Rieber Shipping ASA	100 %
GC Rieber Offshore Asia AS	Norway	GC Rieber Shipping ASA	100 %
Polar Explorer AS	Norway	GC Rieber Shipping ASA	100 %
Polarus AS	Norway	GC Rieber Shipping ASA	100 %
Polar Queen Ltd	Isle of Man	GC Rieber Shipping ASA	100 %
GC Rieber Shipping Asia Pte Ltd	Singapore	GC Rieber Shipping ASA	100 %
GC Rieber Shipping Ltd	Great Britain	GC Rieber Shipping ASA	100 %
Sea4 I Shipping Ltd	Cyprus	Polar Ship Invest III AS	100 %
Sea4 II Shipping Ltd	Cyprus	Polar Ship Invest III AS	100 %
Armada Seismic Invest II AS	Norway	Polar Ship Invest IV AS	100 %

NOTE 4 – INVESTMENTS IN JOINT VENTURES (NOK 1000)

The Group has the following investments in joint ventures:

Joint venture	Country	Business	Owner's share
Polar Pevek Ltd	Cyprus	Ice-breaker/tug	50 %
OOO Polarus	Russia	Ice-breaker/tug	50 %
OOO De Kastri Tugs	Russia	Ice-breaker/tug	50 %
Shipworth Shipping Company Ltd	Cyprus	Crew vessel	50 %

The Group has a 50 percent stake in the vessel ”Polar Pevek” which operates as an ice-breaker/tug for Exxon Neftegas Ltd in Russia on a 15-year time charter, from 2006 to 2021. The ownership and operation of the vessel is performed through three joint venture companies. This undertaking was established during 2006.

Furthermore, the Group has a 50 percent stake in the crew vessels ”Polar Piltun” and ”Polar Baikal”. The ”Polar Piltun” and the ”Polar Baikal” are employed as crew vessels in Russia on 5-year charter contracts with Sakhalin Energy International Company Ltd., from 2009 to 2013. Ownership and operation of the two vessels is carried out through two joint venture companies.

The Group’s total share of assets, liabilities, income and expenses related to the investments in joint ventures, which are incurred together with the other participants, are as follows:

	2012	2011
Assets		
Current assets	26 864	19 056
Fixed assets	158 820	185 362
Liabilities		
Current liabilities	21 185	22 876
Non-current liabilities	64 501	86 911
Net assets (share of equity)	99 997	94 631
Operating income	47 534	43 965
Operating expenses	-27 517	-28 715
Net financial items	-7 084	-8 751
Net profit	12 933	6 499

NOTE 5 – FINANCIAL FIXED ASSETS (NOK 1000)

INVESTMENT IN ASSOCIATED COMPANY:

In January 2010, GC Rieber Shipping and the private equity investor HitecVision established the subsea service providing company Reef Subsea AS. GC Rieber Shipping controls 50 percent of Reef Subsea AS. In connection with the initial formation of Reef Subsea in 2010, GC Rieber Shipping contributed NOK 105 million in assets and cash. Reef Subsea is still in a development phase, and the company has made significant investments since start-up. In 2011 and 2012, GC Rieber Shipping has contributed an additional NOK 125 million in equity, and converted outstanding loans in the amount of NOK 43 million to equity. GC Rieber Shipping has also provided the company with a loan totalling NOK 31.6 million.

	2012	2011
Interest in associated company		
Carrying amount as at 01.01.	176 062	70 063
+ Capital increases	40 000	128 035
+ Non-cash share capital contributions	-	-
+ Acquisitions (disposals) during the year according to the equity method	-10 401	-22 035
- Disposals during the year	-	-
Carrying amount as at 31.12.	**205 661**	**176 062**

Disposals during the year according to the equity method consist of negative earnings of NOK 4.1 million and negative adjustment through other comprehensive income of NOK 6.3 million related to exchange differences.

Share of associated company's financial position:	2012	2011
Current assets	144 280	287 682
Fixed assets	470 346	110 240
Short-term liabilities	215 260	69 631
Long-term liabilities	193 705	152 229
Net assets (share of equity)	**205 661**	**176 062**
Share of associated company's income and profit:		
Income	479 686	238 899
Net profit	-8 476	-17 944

NOTE 6 – SEGMENT INFORMATION (NOK 1000)

PRIMARY SEGMENT REPORTING – BUSINESS SEGMENTS:

GC Rieber Shipping currently operates 15 advanced special- purpose vessels for defined markets within subsea, ice/support and marine seismic, of which 11 are owned by the company. The Group displays the three operating segments subsea, ice/support and marine seismic as the primary segment information. This segmentation of the operation is based on different operational and financial risk profiles within the three segments. Transactions between the segments are carried out at arm`s length and they are eliminated in the consolidated financial statement.

Subsea

In 2012, the Group has operated five vessels within the subsea segment. The vessels are primarily used for inspection, maintenance and repair of subsea installations. The “Polar Prince” is chartered to Reef Subsea until December 2014. The “Polar King” is chartered to Reef Subsea until May 2014. The subsea IMR/CSV newbuilding “Polar Queen” is chartered to the American subsea contractor BOA Marine Services Inc. until April 2014. GC Rieber Shipping also controls 50 percent of the shares in the subsea service providing company Reef Subsea AS. GC Rieber Shipping’s share of profit (loss) from Reef Subsea is accounted for using the equity method, and is recognised in the income statement in the line item “Income (loss) from investment in associated company”. It is therefore not included in the segment information below. For information regarding Reef Subsea, see note 5. The segment also includes ship management of subsea vessels for other owners.

Ice/support

The Group owns and operates three vessels within ice/support, as well as two crew vessels. The ”Ernest Shackleton” is on a bareboat charter to the British Antarctic Survey for operations in Antarctica until 2014. The “Protector” is on a charter contract with the British Ministry of Defence until April 2014. The ”Polar Pevek” and the crew vessels ”Polar Piltun” and ”Polar Baikal” are owned through a 50/50 joint venture with Primorsk Shipping Corporation, and are operated by a joint venture in Yuzhno-Sakhalinsk.

Marine Seismic

This segment includes the 3D vessels “Polar Duke” and “Polar Duchess”, ”Geo Atlantic”, and the 2D vessel “Polar Explorer”. Up until December 2012, the company also had a 61 percent stake in Octio AS, which is in the business of permanent reservoir monitoring. The ”Geo Atlantic” is on a charter contract with Fugro until October 2013, and will be upgraded during the last quarter of 2013 before entering the new charter for Dolphin Geophysical. The ”Polar Duke” and “Polar Duchess” are both on charter contracts with Dolphin Geophysical until April 2016 and April 2017, respectively. The “Polar Duchess” has been operational since April 2012. The “Polar Explorer” was chartered to the same client until January 2013 and has since been sold out of the group. The segment also includes ship management of seismic vessels for other owners.

SECONDARY SEGMENT REPORTING – GEOGRAPHICAL SEGMENTS:
The Group has defined its geographic areas as the secondary segment reporting.

SEGMENT INFORMATION:

2012	Ice/support	Subsea	Marine seismic	Not allocated	Total
From the income statement:					
Operating income	153 422	297 554	330 183		781 160
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	114 689	142 302	119 745		376 736
Operating profit	90 442	78 843	44 842		214 127
Write-down		-8 246	-9 066	-1 231	-18 543
Disposal of subsidiary			19 137		19 137
From the balance sheet:					
Vessels	310 205	978 302	1 231 581		2 520 088
Newbuilding contracts	-	80 124	-		80 124
Non-current liabilities to financial institutions	64 501	506 264	691 764		1 262 530
From the cash flow statement:					
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	114 689	142 302	119 745		376 736
Repayment of long-term loans	-17 911	-36 096	-84 553	-50 000	-188 561
New long-term loans raised				220 000	220 000
Investments		-88 305	-81 229	-204	-169 738
Other investing activities			15 686		15 686
Payments for investments in financial fixed assets		-71 550	-202 523		-274 073
Other changes	-2 878	-15 922	-26 609	-147 401	-192 810
Net change in bank deposits, cash and quoted financial investments					*-212 760*

Non-allocated other changes in 2012 are, among others, related to the payment of dividend in 2012 of NOK 21.8 million, disposal of subsidiary of NOK 10.5 million, increase in current receivables of NOK 69.8 million, and reduction of short-term liabilities with NOK 45.7 million. Non-allocated new long-term loans raised and repayment of long-term loans is related to the Group’s credit facility.

Please refer to note 11 and 12 for information regarding write-downs for the various segments.

2011	Ice/support	Subsea	Marine seismic	Not allocated	Total
From the income statement:					
Operating income	133 223	254 703	237 862		625 787
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	83 381	89 701	93 934		267 015
Operating profit	59 817	54 504	3 577		117 897
Write-down		-1 409	3 980		2 571
From the balance sheet:					
Vessels	353 643	1 077 429	1 303 185		2 734 257
Non-current liabilities to financial institutions	86 911	582 440	870 589		1 539 941
From the cash flow statement:					
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	83 381	89 701	93 934		267 015
Repayment of long-term loans	-74 130	-76 251	-59 522	-200 000	-409 902
New long-term loans raised	9 699	432 407	547 041		989 147
Investments	-5 869	-301 027	-685 654		-992 551
Proceeds from sale of contract rights and equipment		89 798			89 798
Other changes				-16 951	-16 951
Net change in bank deposits, cash and quoted financial investments					*-73 444*

Non-allocated other changes in 2011 are, among others, related to the payment of dividend in 2011 of NOK 21.8 million. Non- allocated payment of instalments on long-term debt consists of repayment of borrowings from the Group's credit facility.

GEOGRAPHICAL SEGMENT INFORMATION:

Operating income from customers

	2012	2011
Norway	513 495	356 995
Europe	168 532	147 556
Asia	1 701	65 518
North America	28 871	31 277
Central America	68 562	24 440
Total operating income	**781 160**	**625 787**

The allocation of the operating income above is based on the country in which the customer is located.

Three customers account for approximately 97 percent of the operating income in Norway, of which 60 percent is within the seismic segment and 40 percent is within the subsea segment. The operating income registered in the geographical segment Central America relates to one customer and is within the subsea segment. One single customer accounts for approximately 50 percent of the operating income in Europe, and this income is within the ice segment.

FIXED ASSETS

In regards to vessels, NOK 158 million of the book value is located in Europe, whereas the remaining vessels and other equipment geographically belong in Norway.

NOTE 7 – PAYROLL EXPENSES, NUMBER OF EMPLOYEES, OTHER REMUNERATIONS, LOANS TO EMPLOYEES, ETC. (NOK 1000)

Payroll expenses include salary to employees and hired personnel in the administration and on own vessels.

Payroll expenses	2012	2011
Crew wages	124 738	88 782
Administration wages	57 711	56 190
Social security tax	11 485	12 604
Pension costs	1 879	11 640
Other social costs	2 741	3 344
Total payroll expenses	**198 554**	**172 560**
Number of employees in the Group (man-labour years):		
Seamen	143	135
Administration	57	77

Payroll expenses are classified as follows in the profit and loss statement:

	2012	2011
Crew and catering expenses	131 709	99 591
Administration expenses	66 845	72 968
Total payroll expenses	**198 554**	**172 560**

The change in payroll expenses is mainly due to an increase in crew costs. The increase is related to vessels delivered in 2011 where payroll costs have now been incurred for the entire year, as well as a new vessel which became operational during the second quarter of 2012. There has been no disposal of vessels during the year. The decrease in total administration expenses is the result of changes in actuarial assumptions, as well as the switch from a defined-benefit plan to a defined-contribution plan for several of the office employees (see note 19).

Management remuneration	2012	2011
Wages	4 314	5 058
Bonus, general scheme	616	-
Other benefits	109	119
Paid pension contribution	695	420
Total management remunerations	**5 734**	**5 597**

The amounts are included in the group's administration expenses.

Board remuneration	2012	2011
Board of GC Rieber Shipping ASA	791	814
Board of Armada Seismic ASA (until June 2012)	75	75
Total board remuneration	**866**	**889**

The amounts are included in the group's administration expenses.

The Group's CEO is not employed in the company GC Rieber Shipping ASA, but has been contracted from the subsidiary GC Rieber Shipping AS. A contract has been entered into with the CEO, which entitles the CEO to one year's severance pay if the company should terminate the employment contract before the CEO has reached the stipulated pension age. No agreements have been entered into with the chairman of the board with regards to special payments upon the termination or change of the position. Further, there exist no agreements which grant employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Auditor's fees (excl. VAT)	2012	2011
Audit fee	1 068	1 135
Other assurance services	151	336
Tax consulting	649	435
Other services	67	132
Total auditor's fees	1 936	2 038

Of the total auditor's fees in 2012, NOK 150, 523 of the audit fee (2011: NOK 136,050) and NOK 0 of other services (2011: NOK 11,154) relates to subsidiaries audited by other audit firms than the parent company.

NOTE 8 - TAXES (NOK 1000)

INCOME TAX EXPENSE:

Taxes in the profit and loss statement:	2012	2011
Tax payable in Norway	3 118	6 924
Tax payable outside Norway	11 283	2 277
Tax payable due to the transition to new shipping tax regime	1 304	2 104
Change in tax from earlier periods	174	-6
Change in deferred tax from earlier periods	-	-4 041
Change in deferred tax	13 734	-12 634
Income tax expense (income)	**29 613**	**-5 375**

Reconcilation of income tax expense for the year:	2012	2011
Profit before tax	209 560	109 386
Estimated tax based on nominal rate (28 %)	58 677	30 628
Effect of shipping tax regime/tax payable outside Norway	-56 594	-49 410
Tax payable due to the transition to new shipping tax regime	-1 304	-2 104
Deferred tax asset not acknowledged	14 543	9 612
Permanent differences (includes write-down of shares outside EEA)	14 290	6 687
Other/correction of tax payable in earlier periods	-	-788
Income tax expense (income)	**29 613**	**-5 375**

DEFERRED TAX:

Deferred tax liabilities/assets:	2012	2011
Gain and loss account	82	103
Other temporary differences	-32 941	-28 406
Financial instruments	28 187	-6 287
Net financial items for companies in the shipping tax regime	23 785	-3 674
Pension liabilities	-12 556	-35 748
Tax losses carried forward	-233 898	-363 061
Not recognised tax losses carried forward	51 940	195 011
Basis for calculation of deferred tax	-175 401	-242 062
Tax rate	28 %	28 %
Deferred tax liabilities/assets in the balance sheet:	**-49 112**	**-67 777**
Directly capitalised deferred tax assets which are not included in the change in temporary differences:		
Estimate deviations for pensions, recognized directly in equity	16 486	4 472
Of which directly capitalised deferred tax assets (28%)	4 616	1 252

Not recognised deferred tax assets in the Group at 31.12.2012 amounts to NOK 14.5 million and relates to ordinarily taxed entities.

At year-end 2012, the Group had tax losses carried forward of NOK 234 million in Norway, of which NOK 182 million is basis for capitalisation. Based on budgets, the Group expects to be able to utilize the deferred tax assets through future taxable profits.

In connection with the transition from old to new shipping tax regime, the group chose to enter into a voluntary settlement scheme for its shipping tax companies in 2010. This scheme entailed a final taxation of the companies' liabilities by a tax rate of 6.67 percent resulting in a tax expense of NOK 52 million. A provision for this tax expense was made in 2010. 1/3 of the tax expense was paid in 2011, 1/3 was paid in 2012 and 1/3 falls due in 2013. The tax provision for 2013 is presented as short-term tax payable.

NOTE 9 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the accounting period.

The company has no convertible loans or equity instruments and the diluted earnings per share are thus equal to earnings per share.

	2012	2011
Net profit for the year (basis, NOK 1000)	199 174	111 150
Time weighted average number of shares applied in the calculation of earnings per share	43 662 000	43 662 000
Number of outstanding shares as at 31.12.	43 662 000	43 662 000
Earnings and diluted earnings per share (NOK)	4.56	2.55

NOTE 10 – PROFIT AND LOSS STATEMENT BY CATEGORY (NOK 1000)

	2012	2011
Charter income	721 589	537 643
Other operating income	59 571	88 144
Gains on disposal of subsidiary	19 137	969
Total operating income	800 296	626 757
Payroll expenses	-198 554	-172 560
Depreciation	-163 203	-147 517
Write-down	-18 543	-2 571
Other operating expenses	-205 869	-186 213
Operating profit	214 127	117 897
Income (loss) from investments in associated company	-4 139	-17 944
Other interest income	13 591	18 246
Other financial income	10 856	2 453
Change in fair value of quoted financial current assets	13 807	5 961
Other interest expenses	-72 958	-50 063
Other financial expenses	34 276	32 836
Profit before tax	209 560	109 386
Income taxes	-29 613	5 375
NET PROFIT OF THE YEAR	**179 947**	**114 761**

NOTE 11 – TANGIBLE FIXED ASSETS (NOK 1000)

VESSELS AND VESSEL EQUIPMENT:

	2012	2011
Acquisition cost as at 01.01	3 625 468	2 115 755
+ Additions during the year	82 082	1 445 011
+ Additions during the year for periodic maintenance	9 155	37 708
+ Changes in exchange differences during the year	-158 776	26 994
= Acquisition cost as at 31.12.	3 557 929	3 625 468
Accumulated depreciation and write-downs at 01.01.	891 211	790 047
+ Correction prior periods	432	-
+ Depreciation for the year	134 801	92 868
+ Depreciation of periodic maintenance for the year	11 396	8 296
= Accumulated depreciation and write-downs at 31.12.	1 037 841	891 211
Carrying amount as at 31.12.	**2 520 088**	**2 734 257**
Accumulated exchange differences at 31.12.	-188 754	-29 978

All vessels have carrying amounts in USD which are converted to NOK by using the exchange rate on the balance sheet date in the consolidated accounts. Changes in the exchange rate USD/NOK result in exchange differences which are recognised in the comprehensive income. Accumulated exchange differences are included in the amounts above.

Depreciation rates of 4 to 12.5 percent have been applied for vessels and depreciation rates of 6.67 to 33.33 percent have been applied for vessel equipment. Capitalised periodic maintenance amounts to NOK 35 million at year-end 2012.

During the first quarter of 2012, a conversion of the 3D seismic vessel “Polar Duchess” was carried out and the vessel was ready for operation from the second quarter of 2012 onwards.

GC Rieber Shipping applies IAS 36, Impairment of Assets, when assessing the impairment criteria for tangible fixed assets. Calculations of the vessels' value in use have been prepared by discounting future expected cash flows from the activities of the vessels. When estimating fair value, the company has discounted the future estimated cash flows. Furthermore, sensitivity analyses have been carried out by simulating changes in utilisation rates and day rates for the vessels. Based on these utility value estimates, there are no indications of impairment to the fleet as at 31 December 2012.

NEWBUILDING CONTRACTS:

	2012	2011
Acquisition cost at 01.01	-	832 072
+ Additions during the year	80 124	-
- Disposals during the year	-	-97 389
- Reclassified to vessels	-	-734 684
+ Changes in exchange differences during the year	-	-
= Acquisition cost as at 31.12	80 124	-
Accumulated write downs as at 01.01	-	25 092
+ Write-down for the year	-	298
- Reversal of disposal	-	-25 390
= Accumulated write-downs as at 31.12.	-	-
Carrying amount as at 31.12.	**80 124**	-

The Group has a high-capacity subsea construction vessel under construction at Ulstein Verft as at 31.12.2012, with expected delivery during the first quarter of 2014.

MACHINERY, INVENTORY AND EQUIPMENT:

	2012	2011
Acquisition cost as at 01.01.	124 726	142 665
+ Additions during the year	588	413
- Disposals during the year	-652	-18 217
- Disposals during the year (exit subsidiary)	-3 571	-
+ Changes in exchange differences during the year	-22	-135
= Acquisition cost as at 31.12	121 069	124 726
Accumulated depreciation as at 01.01.	60 810	49 305
+ Depreciation for the year	10 270	13 622
+ Write-down during the year	6 158	3 790
- Reversal of write-downs from previous periods	-	-5 498
- Disposals during the year	-987	-409
- Disposals during the year (exist subsidiary)	-2 622	-
= Accumulated depreciation and write down as at 31.12.	73 629	60 810
Carrying value as at 31.12.	**47 439**	**63 915**

At year-end 2012 the Group has made a judgemental evaluation of equipment not in use. Based on findings, the equipment has been written down by 30 to 40 percent, amounting to NOK 29.4 million per 31.12.2012, of which NOK 6.2 million has been taken to the profit and loss in 2012. The write-down relates to the subsea segment. By increasing/reducing the write-down percentage by 1 percentage point, this will result in an increase/reduction of the write down by NOK 0.6 million.

NOTE 12 – INTANGIBLE FIXED ASSETS (NOK 1000)

GOODWILL

Cost price	2012	2011
Acquisition cost as at 01.01.	40 327	40 024
- Disposals during the year (exit subsidiary)	-22 269	-
+ Changes in exchange differences during the year	-949	304
= Acquisition cost as at 31.12.	**17 109**	**40 327**
Accumulated depreciation and write-downs as at 01.01.	26 993	26 993
+ Write-downs for the year	12 385	-
- Disposal subsidiary	-22 269	-
= Accumulated depreciation and write-downs at 31.12	**17 109**	**26 993**
Carrying amount at 31.12	**-**	**13 334**
Depreciation	0 %	0 %
Economic life	Perpetual	Perpetual
Depreciation method	None	None

Goodwill Octio Group

In connection with the sale of shares in Octio in 2012 (see note 24), goodwill of NOK 22.3 million is presented as "disposal subsidiary" in the table above. Goodwill relating to Octio was fully written down in 2010.

Goodwill GC Rieber Shipping Ltd

NOK 13.3 million (USD 2.25 million) of goodwill at year-end 2012 relates to the subsidiary GC Rieber Shipping Ltd.'s acquisition in 2006 of 100 percent of the business of TechMarine International Ltd., a company that offers ship management services within marine seismic segment. Goodwill is not amortised, but it is subject to an annual impairment test, which tests whether the carrying value exceeds the recoverable amount. The recoverable amount is estimated based on the discounted future expected cash flows generated from GC Rieber Shipping Ltd's ship management services related to technical management and maritime crewing of specialised vessels for use within oil/offshore activities. Future cash flows are discounted with a discount rate that reflects the risk profile of the respective operations. The recoverable amount is estimated as the expected value in use for the company.

Write-down of goodwill is carried out when the recoverable amount is lower than the carrying amount of the cash generating unit. A nominal discount rate of 8.8 percent before tax is used in the impairment test. The discount rate is set by calculating an after tax weighted average cost of capital (WACC), and then deriving the pre-tax discount rate in compliance with IAS 36 for value in use calculations. The after tax discount rate is based on the capital asset pricing model (CAPM). The impairment test is based on five-year cash flow projections, using a growth rate of 2.5 percent for the terminal value. The growth rate is in line with expected inflation.

Cash flows are budgeted based on already settled agreements for delivery of ship management services. As of April 2013, GC Rieber Shipping Ltd will have entered into agreements for delivery of ship management services for 4 vessels. There is uncertainty as to whether the company will enter into any new agreements in the near future.

Based on this and the impairment test performed, booked goodwill has been written down in full.

OTHER INTANGIBLE ASSETS

Cost price	2012	2011
Acquisition cost at 01.01	105 090	105 090
+ Disposal subsidiary	-105 090	-
= Acquisition cost at 31.12	-	**105 090**
Accumulated depreciation and write-downs as at 01.01.	98 355	61 644
+ Depreciation for the year	6 736	32 731
+ Write-downs for the year	-	3 980
- Disposal subsidiary	-105 091	-
= Accumulated depreciation and write-downs as at 31.12.	-	**98 355**
Carrying amount at 31.12	-	**6 736**
Depreciation	20 %	20 %
Economic life	5 years	5 years
Depreciation method	Linear	Linear

Depreciation of other intangible assets related to patents/licenses and capitalised R&D was completed in 2012. In connection with the sale of shares in Octio in 2012 (see note 24), other intangible assets of NOK 105.1 million are presented as "disposal subsidiary" in the table above.

NOTE 13 – INVENTORIES (NOK 1000)

	2012	2011
Supplies	3 164	3 257
Inventory (components / other equipement)	-	4 366
Total inventories	**3 164**	**7 623**

No write-downs have been made to inventories in 2012.

NOTE 14 – ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES (NOK 1000)

	2012	2011
Accounts receivable and other current receivables:		
Receivables, not due	222 370	130 068
Receivables, due by 1-30 days	10 330	29 273
Receivables, due by 30-60 days	5 363	1 931
Receivables, due by 60-90 days	3 916	630
Receivables, due by >90 days	2 715	4 929
Gross receivables	**244 693**	**166 832**
Provision for bad debts as at 01.01.	-	-13 567
Reversals/confirmed losses		13 567
Provision for bad debts as at 31.12.	-	-
Total receivables	**244 693**	**166 832**

Provision for bad debt is classified as an operating expense for vessels in the profit and loss statement. There were no confirmed losses related to accounts receivable in 2012.

NOTE 15 – QUOTED FINANCIAL INVESTMENTS (NOK 1000)

INVESTMENT IN SHARES:

	2012	2011
Acquistition cost	10 590	21 488
Carrying amount	29 018	25 043
Fair value	29 018	25 043

Investments in quoted shares are recorded at fair value at the balance sheet date, with no deduction for sale costs.

Changes in fair value are taken to the profit and loss statement and presented as a net amount under financial income / expenses.

NOTE 16 – BANK DEPOSITS AND CASH (NOK 1000)

BANK DEPOSITS AND CASH:

	2012	2011
Bank deposits and cash	136 641	188 692
Tax withholdings	8 338	8 119
Short-term bank deposits	72 195	237 097
Cash and bank deposits	**217 174**	**433 908**

Bank deposits generate interest income based on the banks' prevailing terms at any given time. Short-term bank deposits are carried out for varying periods; from one day to six months, depending on the company's need for liquidity. These deposits generate interest income based on the banks' terms related to short term deposits.

NOTE 17 – EQUITY (NOK 1000)

ORDINARY SHARES

Ordinary shares:	2012	2011
Par value	1,80	1,80
Number of shares	43 812 800	43 812 800
Share capital	78 863	78 863

OWN SHARES

The company possesses 150.800 of own shares at 31.12.2012, constituting 0.34 percent of the total number of shares.

DIVIDENDS:

Paid dividend:	2012	2011
NOK per share (2012 and 2011: NOK 0.50)	21 831	21 831
Dividend proposed by the Board after the balance sheet date 31.12.:	43 662	21 831

NOTE 18 - LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The Group's long term liabilities, including first year's instalments, are summarized as follows at year-end 2012:

Long-term debt		Average interest rate 2012	Average duration	Balance 2012	Balance 2011
Mortgage debt with floating interest	Secured	USD LIBOR + 2,89 %	3.2 years	701 395	1 641 402
Mortgage debt with fixed interest	Secured	USD CIRR 4,04 % + 1,75 %	3.8 years	72 363	89 891
Mortgage debt with rental swap agreement	Secured	USD LIBOR + 3,22 %	3.3 years	665 371	-
Overdraft facility (NOK 250 mill.)	Not secured	NIBOR + 2,5 %	0.8 years	170 000	
Amortization effect, mortgage debt				-2 797	-4 059
Total				**1 606 332**	**1 727 233**

The instalment scheme for the Group's long-term liabilities, including first year's instalments, was as follows at year-end 2012:

Due in 2013	343 802
Due in 2014	155 155
Due in 2015	247 055
Due in 2016	835 285
Due in 2017	11 133
Due later	13 902
Total interest bearing debt	**1 606 332**

Additionally, interest on the principal amounts is due on the instalment dates. The mortgage loan on "Polar Pevek" is a fixed rate loan, and in 2012 rental swap agreements have been entered into in connection with three other loans. The remaining loans are based on floating interest rates and the payments vary with the interest rate development in the money market. The fixed rate loan mentioned above is recorded at amortised cost. The market value of the loan is NOK 3 million higher than the recorded value, based on CIRR rate loans with 6 years to maturity.

First year's instalments on long-term liabilities are classified as current liabilities in the balance sheet. This also includes overdraft facility due for payment in November 2013. The Group's long-term liabilities are exclusively denominated in USD and have been converted to NOK using the exchange rate at the balance sheet date. The average interest rate for the Group's interest-bearing debt in 2012 was 4.16 percent (2011: 4.28 percent).

According to the Group's loan agreements:

- the Group's equity ratio shall be a minimum of 30 percent.
- the Group's working capital shall as a minimum equal one year's ordinary instalments, but no less than NOK 50 million / NOK 60 million.

NOTE 19 - PENSION COSTS AND OBLIGATIONS (NOK 1000)

In March 2012, the company closed its defined-benefit scheme for land employees. Employees at this time could choose whether to switch to a defined-contribution plan or continue with the defined-benefit plan. New employees hired after March 2012 are included in the company's defined-contribution plan. As evidenced by the actuarial assumptions, the number of employees included in the defined-benefit plan is significantly reduced, both as a result of retirement and the employees' own choice to go switch to the defined-contribution plan.

DEFINED-BENEFIT PLAN

The Group has a company pension scheme with tax deductions for its employees in a life insurance company. The pension scheme gives the right to future defined benefits. The benefits depend on the number of contribution years, the salary level at retirement and the size of the benefits from the national insurance system. Full retirement pension constitutes about 63 percent of the pension base (limited to 12G) and the pension scheme also includes disability, spouses and children's pensions. The retirement age is 67 years. The Group has the right to undertake changes in the pension scheme. The benefits accruing under the scheme are funded obligations.

The Group also has an early retirement pension agreement with certain employees, through which the company pays 63 percent of the pension base between 65 and 67 years of age, as well as pension obligations related to employees with salaries exceeding 12G. These are non-funded obligations.

The sailors have a separate tariff rated pension scheme. The retirement pension from age 60 to 67 amounts to 60 percent of the pension- qualifying income in the case of full contribution (360 months of sea duty), including the Pension Insurance for Seamen. These are funded and tax deductible obligations.

All pension schemes have been treated in accordance with IAS 19. Changes in the pension obligations due to changes in actuarial assumptions and deviations between actual and expected return on pension funds are recognised in the comprehensive income.

The discount rate is equal to the interest rate on covered bonds (OMF). If the discount rate is reduced by 1 percent, it will normally result in an increase in the gross pension obligation of 15 to 20 percent.

The pension cost is based on the actuarial assumptions as at 01.01, whereas the pension obligations are based on the actuarial assumptions at 31.12.

	2012	2011
Discount rate	3,90 %	2,60 %
Estimated return on plan assets	4,00 %	4,10 %
Increase of National Insurance Basic Amount (G)	3,25 %	3,25 %
Rate of salary increase	3,50 %	3,50 %
Rate of pension increase	0,20 %	3,25 %
Number of employees	111	127
Number of pensioners	18	18
Mortality list	K-2005	K-2005

Specification of the Group's net pension cost	2012	2011
Current service cost	8 098	7 993
Interest expenses on benefit obligations	1 741	2 630
Estimated return on plan assets	-1 698	-2 204
Administration costs	223	-170
Amortization	-8 885	-
Net pension cost	**-521**	**8 248**
Social Security Tax	1 148	1 187
Pension cost in the profit and loss statement	**627**	**9 435**

Estimated pension cost 2013	
Current service cost	5 210
Interest expenses on benefit obligations	312
Estimated return on plan assets	-1 440
Administration costs	196
Net pension cost	**4 278**
Social Security Tax	779
Pension cost in the profit and loss statement	**5 057**

Specification of the Group's net pension obligations	31.12.12	31.12.11
Gross obligations, secured	-38 256	-59 529
Gross obligations, non-secured	-7 625	-9 859
Fair value of pension assets	34 877	38 057
Social Security Tax	-1 552	-4 418
Net pension obligations	**-12 556**	**-35 748**
Carrying value 1.1.	-35 748	-31 632
Disposal of subsidiary	-	-
Cost in financial statement	627	9 435
Contributions / benefits during the year	-7 333	-966
Recognized net actuarial (loss) / gain	-16 486	-4 352
Carrying value 31.12	**-12 556**	**-35 748**

	31.12.12	31.12.11
Gross pension obligation	-45 881	-69 388
Fair value of pension assets	34 877	38 057
Social Security Tax	-1 552	-4 418
Net obligation	-12 556	-35 748

The value adjusted return on plan assets per 31.12.2012 was 5.6 percent.

DEFINED CONTRIBUTION PLANS

In addition to the defined benefit plans as described above, three of the Group’s subsidiaries have made contributions to local pension plans in 2012. The contributions have been provided to pension plans covering 38 employees. The pension premium is recognised as an expense when it falls due and amounts to NOK 2.4 million in 2012. The amount also includes pension premium for 19 employees in Octio.

NOTE 20 – LEASING (NOK 1000)

THE GROUP AS A LESSOR

Financial leases:

The Group has entered into a lease agreement in Great Britain (UK Tax Lease) related to the vessel Ernest Shackleton. Generally, the terms in these agreements imply that the Group transfers the vessel to the financial institution in Great Britain and rents it back in a long-term lease agreement. After the expiration of the lease agreement, the Group can purchase the vessel at a low nominal value. Such UK Tax Leases provide the financial institutions with the opportunity to depreciate the assets for tax purposes in Great Britain. As part of the agreement, the Group receives a gain relating to the financial institution's tax advantage. In addition, the subsidiary acknowledges a responsibility for certain possible changes in the tax regulations that can reduce the financial institution's expected tax advantage from the agreement.

According to the Group's applied accounting principle in this matter, the agreement does not indicate a transaction and the vessel is still recognised as owned by the Group. No provision for any future responsibility related to the financial institution's tax exposure is made, as this is not regarded to be a likely event.

Two of the group's subsidiaries have entered into lease agreements in Spain (Spanish Tax Lease) with a Spanish financial institution for the vessels "Polar King", "Polar Queen" and "Polar Duchess". The agreements are considered financial leases and the vessels are recognised as owned by the subsidiaries both during and after the expiration of the tax lease periods. The tax lease periods expire in 2013.

At 31.12.2012, one of the group's subsidiaries has a lease agreement related to streamers. The streamers are treated as sold in the accounts and remaining lease payments are recorded as a long-term receivable in the balance sheet. Total lease for the entire lease period amounts to USD 54 million, excluding interest and expenses. Interest is calculated continuously based on the remaining outstanding receivable using 3 months USD Libor plus a margin of 4 percent.

(USD 1000)	2012	2011
Gross investment	54 000	54 000
Prepaid lease payment	-21 500	-21 500
Ordinary lease payments	-11 375	-4 875
Outstanding lease payments as at 31.12	**21 125**	**27 625**
Outstanding lease payments maturing:		
Within 1 year	6 500	6 500
In 1 to 5 years	14 625	21 125
	21 125	**27 625**

Outstanding lease as at 31.12.2012 is NOK 117.5 million.

Operating leases

The Group charters its owned vessels under charter parties of varying duration to different charterers.

THE GROUP AS A LESSEE:

Operating leases

The Group has entered into several operating lease agreements regarding office premises, IT equipment and services as well as certain administrative services. The lease agreements do not include any restrictions regarding the company's dividend policy or financing possibilities.

The lease costs relating to office premises, IT services and certain administrative services consist of the following:

	2012	2011
Ordinary lease payments	9 668	9 048

Future minimum lease payments related to lease agreements that cannot be cancelled are due as follows:

	2012	2011
Within 1 year	5 479	6 308
1 to 5 years	7 121	13 738
Later than 5 years	-	1 470
	12 600	21 516

NOTE 21 – OVERVIEW OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

THE 20 LARGEST SHAREHOLDERS IN GC RIEBER SHIPPING ASA AS AT 31 DECEMBER 2012 (OUTSTANDING SHARES):

Name	Number of shares	Owner's share
GC RIEBER AS	30 861 735	70.4 %
AS ODIN II	5 003 555	11.4 %
LEIF HILMAR SØRENSEN	909 000	2.1 %
PARETO AKSJE NORGE	615 640	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
DELTA A/S	350 000	0.8 %
STORKLEIVEN AS	342 954	0.8 %
TANNLEGE RANDI ARNESEN AS	273 600	0.6 %
PARETO AKTIV	272 100	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	206 000	0.5 %
TORHILD MARIE RONG	161 500	0.4 %
BERGEN RÅVAREBØRS II AS	153 269	0.3 %
GC RIEBER SHIPPING ASA	150 800	0.3 %
PARETO VERDI	143 170	0.3 %
TIGO AS	141 359	0.3 %
TRIOFA 2 AS	141 359	0.3 %
PAUL (PAAL) RIEBERS FOND	130 000	0.3 %
ARILD NØST ARNESEN	122 000	0.3 %
OTHER SHAREHOLDERS	2 860 509	6.5 %
OUTSTANDING SHARES	**43 812 800**	**100.0 %**

Board member Georg Nygaard owns 5 000 shares as at 31 December 2012. No other board members or the CEO own shares in the Company. The Chairman of the Board, Paul-Chr. Rieber indirectly controls 1.8 percent which equals 802 405 shares in the Company.

At 31.12.2012, GC Rieber AS owns 30,861,735 shares in GC Rieber Shipping ASA. This constitutes 70.4 percent of the outstanding shares in the company. GC Rieber Shipping ASA owns 150,800 of its own shares, representing 0.34 percent of share capital.

TRANSACTIONS WITH THE PARENT COMPANY:

One of the Group's subsidiaries has entered into a 5 year lease agreement regarding the leasing of office premises from a subsidiary of GC Rieber AS. The agreement expires at 31.12.2013 and has been entered into on an arm's length basis. The same subsidiary has entered into an agreement with GC Rieber AS concerning the purchase/hiring of IT services and equipment as well as purchase of certain administrative services. The agreements have been entered into on an arm's length basis.

	2012	2011
IT and administration expenses	5 624	5 022
Lease payments	4 044	4 026

The balance sheet as at 31.12.2012 includes NOK 2.8 million in short-term debt to the parent company (2011: NOK 1.6 million).

TRANSACTIONS WITH JOINT VENTURES (PROPORTIONATE CONSOLIDATION):
The Group has had several transactions with joint ventures. All transactions have been performed on a commercial basis and at arm's length prices. The most significant transactions are as follows:

	2012	2011
Income	578	1 005
Expenses	-	-
Total	**578**	**1 005**

The balance sheet includes the following amounts originating from transactions with joint ventures:

	2012	2011
Accounts receivable	361	1 634
Equity interest	47 405	47 405
Total (net)	**47 766**	**49 039**

TRANSACTIONS WITH ASSOCIATED COMPANIES (RECOGNISED ACCORDING TO THE EQUITY METHOD):
The Group has carried out various transactions with associated companies. All transactions have been carried out on the basis of standard commercial terms and market prices. The most significant transactions are as follows:

	2012	2011
C/P revenue*	178 302	156 847
Management revenue	6 543	-
Total	**184 845**	**156 847**

* C/P revenue in 2012 relates to a time charter contract for "Polar Prince" which is in force until December 2014 and a time charter contract for "Polar King" which is in force until May 2014, both with subsidiary Reef Subsea AS. In addition to this, the amount in 2011 includes C/P revenue relating to a time charter contract for "Greatship Maya" with Bluestone Offshore Pte Ltd up until the company was sold in April 2011.

The balance sheet includes the following amounts as a consequence of transaction with associated companies:

	2012	2011
Accounts receivable	19 626	33 559
Ownership according to the equity method	205 661	176 062
Loans (other long-term receivables)	31 550	-
Total (net)	**256 837**	**209 621**

NOTE 22 – CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS (NOK 1000)

1. CAPITAL STRUCTURE

The Group has a capital intensive business model in which the capital requirement mainly relates to investments in new vessels, rebuilding/conversion of vessels, repayment of debt and acquisitions of companies. The Group aims at securing a long-term financing of new investments from acknowledged financial institutions which are familiar with the Group's business. The terms of such financing will normally reflect the different investments' equity ratio, which in turn is normally influenced by the risk profile of the investments. Furthermore, the public listing of GC Rieber Shipping ensures that the Group has efficient access to equity markets if and when a need for such capitalisation should arise.

The Group's superior strategy is to have a capital structure involving satisfactory solidity and liquidity that ensures favourable terms on long term financing and gives the Group the opportunity to have a stable dividend policy, combined with freedom and flexibility with regards to responding to new investment possibilities. Interest and instalments on the long-term financing will normally be repaid with the operating cash flows from the related investments, mainly from cash flows from operation of vessels.

2. BALANCE SHEET INFORMATION

The Group's financial assets and liabilities are included in the balance sheet as follows:

At 31.12.2012	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Financial investments	29 018	-	29 018
Accounts receivable	-	123 088	123 088
Cash and bank deposits	217 174	-	217 174
Total financial assets	**246 192**	**123 088**	**369 280**
Liabilities			
Interest bearing long-term liabilities	-	1 262 530	1 262 530
Interest bearing short-term liabilities	-	343 802	343 802
Accounts payable	-	29 900	29 900
Total financial liabilities	-	**1 636 232**	**1 636 232**

The carrying values of financial assets and liabilities are assumed to approximate their fair values.

Security/guarantees for values in the balance sheet:

- No security has been provided for the Group's accounts payable.
- The parent company has guaranteed for NOK 1.146 million of the interest bearing liabilities of NOK 1.606 million.
- Security in the form of parent company guarantees has been received for part of the outstanding accounts receivable.

The Group has not employed derivatives in order to manage credit risk. The Group aims at a situation in which the charterers provide parent company guarantees for their liabilities in connection with the lease agreements when this seems reasonable and commercially achievable.

The Group has not guaranteed for any third party liabilities, except in the case of agreements relating to joint ventures. The Group's share of the contingent liabilities which have arisen together with the other joint venture participants is mentioned in note 4.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is regarded as limited. The Group therefore regards its maximum risk exposure to be equal to the carrying amount of accounts receivable (note 14) and other current assets.

3. PROFIT AND LOSS INFORMATION

The Group's income, expenses, gains and losses related to financial assets and liabilities are presented below:

At 31.12.2012	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Change in fair value of quoted financial instruments	13 808	-	13 808
Change in fair value of financial hedge instruments	-14 180	-	-14 180
Realized currency gains/losses on bank deposits and cash	-	-4 070	-4 070
Unrealized currency gains/losses onbank deposits and cash	-	16 060	16 060
Interest income on bank deposits and cash	24 446	-	24 446
Total financial income in the profit and loss statement	**24 074**	**11 990**	**36 064**
Liabilities			
Interest expenses on interest bearing debt	-	-77 865	-77 865
Unrealized currency gains/losses on interest bearing debt	-	41 373	41 373
Total financial losses in the profit and loss statement	**-**	**-36 492**	**-36 492**

The financial instruments have not been subject to hedge accounting and the company has in accordance with IAS 39 recorded the change in fair value (”Market-to-market”) of financial instruments in the profit and loss statement.

4. HEDGING

As the Group's income is in USD, GBP and NOK, while the operating expenses mainly are in NOK, GBP and USD, the Group performs a continuous assessment of the need for cash flow hedging of future expected net cash flows in USD, GBP and other relevant currencies against NOK. Such cash flow hedging is mainly performed by entering into forward contracts and option structures regarding the sale of USD and GBP against NOK. Realized gains/losses and changes in fair value are recognised in the profit and loss statement. The Group has decided not to apply hedge accounting according to IAS 39.

The Group has entered into two GBP/NOK put/call structures; buying GBP/NOK put options financed through the sale of GBP/NOK call options for the double amount so that the total option premium upon entering into the option structures is zero. The put/call structure expires with 1/12 every month through 2013.

Furthermore, the company has entered into an USD/NOK hedge agreement to secure a future USD loan in connection with the delivery of a new vessel during the first quarter of 2014.

The Group's portfolio of financial derivatives used for hedging as at the balance sheet date was as follows:

	Currency	Amount (1000)	Maturity	Hedge rate	Fair value (1000)
GBP/NOK put option	GBP	3 000	2013	9.80	2 034
GBP/NOK call option	GBP	6 000	2013	9.80	
USD/NOK Forward for hedging of future loan (total)	USD	93 383	2014	6.00	29 591
Total					**31 624**

The Group's interest bearing debt is denominated in USD and NOK and has according to the prevailing loan agreements a floating interest rate that varies with the development in the money market rates. In order to increase the predictability of the Group's future interest expenses related to the interest bearing debt, a continuous assessment is made regarding the hedging of future interest rates. Such hedging is mainly carried out through entering into forward interest rate swap contracts. Realized gains/losses and changes in fair value are recognised in the profit and loss statement. The Group also has a fixed rate loan with a built-in derivative for “Polar Pevek” which is classified as “held to maturity”.

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair value (1000)
Interest rate swap	USD	12 000	2013	4.22 %	-2 248
Interest rate swap	USD	37 500	2016	0.92 %	-2 345
Interest rate swap	USD	46 366	2016	1.10 %	-5 088
Interest rate swap	USD	32 100	2022	1.59 %	-4 908
Total financial hedging instruments					**-14 589**

5. OTHER INFORMATION

RISK MANAGEMENT

As the Group runs an international business, it is exposed to various risks, such as credit risk, liquidity risk, interest rate risk, bunkers price risk and currency risk. The Group employs derivates to reduce risk, in accordance with a strategy for hedging interest rate and currency risk approved by the Board. The operative risk management is performed by the finance department and regular reports are made to the Board.

CREDIT RISK

The Group's credit risk is on an overall basis assessed to be moderate. Among the customers are several major international oil and gas companies which generally are solvent and capable of paying. However, in 2011 the Group entered into agreements with some new companies which are not as solvent as those previously mentioned. In 2012, these companies have shown a positive development, and as a result, improved their liquidity and capital.

The Group has guidelines to ensure that agreements regarding vessel contracting over a certain period are only entered into with customers with no previous insolvency issues. In particular this applies for long-term agreements. The Group seeks to ensure, to the greatest extent possible, that charterers provide parent company guarantees for their obligations under the agreements, when this is commercially achievable.

The Group has not guaranteed for any third party liabilities, except for agreements relating to joint ventures. The Group's share of contingent liabilities which have arisen together with the other joint venture participants is mentioned in note 4.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is regarded as limited. Therefore, the Group regards its maximum risk exposure to be equal to the carrying amount of accounts receivable (note 14) and other current assets. The credit quality on outstanding accounts receivable is regarded as satisfactory.

LIQUIDITY RISK

The Group has a stable and long-term financing structure. The lenders are acknowledged Norwegian and international shipping banks. The Group's strategy is to have sufficient liquidity in the form of bank deposits, interest bearing securities and credit facilities to ensure that the Group at all times can finance the operations and ongoing investments of a moderate size. The cash management policy of the Group includes investing liquidity in financial institutions with high credit worthiness and interest bearing securities with high liquidity and low credit risk.

The maturity of the Group's financial assets and liabilities are presented below:

Remaining period At 31.12.2012	0-12 months	1-5 years	More than 5 years	TOTAL
Assets				
Financial investments	29 018	-	-	29 018
Accounts receivable	123 088	-	-	123 088
Cash and bank deposits	217 174	-	-	217 174
Total financial assets	**369 280**	**-**	**-**	**369 280**
Liabilities				
Interest bearing long-term liabilities	-	166 085	226 327	392 412
Interest bearing short-term liabilities	26 697	-	-	26 697
Accounts payable	55 884	-	-	55 884
Total financial liabilities	**82 581**	**166 085**	**226 327**	**474 993**

FINANCIAL MARKET RISK

Interest rate

The Group assesses on a continuous basis how much of its exposure to interest rate fluctuations that shall be hedged. Several types of interest rate derivatives are considered in this regard, primarily interest rate swaps to hedge against the profit and loss impact of changes in the interest rate. Based on the financial instruments and the interest rate swap contracts existing at year-end, a general increase in the interest rate of 1 percent will improve the result by NOK 5.2 million, and correspondingly, a general decrease in the interest rate level of 1 percent will have a negative impact on the result by NOK 5.2 million.

For an overview of interest rate swap contracts at year end, see section 4 above.

The table below presents an overview of the carrying amount at maturity for the Group's financial instruments which are subject to interest rate risk, excluding in the case of interest rate swap, which is stated separately:

At 31.12.2012			Remaining period			
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Liabilities:						
Bank loans - hedged	73 607	73 607	67 539	507 285	25 035	747 073
Floating interest rate						
Assets:						
Cash and bank deposits	217 174					217 174
Liabilities:						
Bank loans - unhedged	270 195	81 548	179 516	328 000		859 259

At 31.12.2011			Remaining period			
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Liabilities:						
Bank loans - hedged	11 985	11 985	11 985	11 985	41 949	89 891
Floating interest rate						
Assets:						
Cash and bank deposits	433 908					433 908
Liabilities:						
Bank loans - unhedged	175 307	175 128	155 052	253 991	877 867	1 637 345

See note 18 for further information on long-term liabilities.

Foreign currency
The Group's income is in USD, GBP and NOK, operating expenses are mainly in NOK, GBP and USD, and administrative expenses are mainly in NOK and partly in GBP and USD. In order to reduce the Group's risk in connection with foreign currency exposure, the Group's debt is mainly in USD. A continuous assessment is made regarding hedging of the expected future net cash flow in USD, GBP and other relevant currencies. Hedging of the cash flow is achieved primarily by entering into forward contracts and option contracts for sale of USD against NOK and GBP against NOK.

Based on the composition of the Group's operating income and operating expenses, liabilities in USD and forward contracts entered into at 31.12.2012, a change in the exchange rate of USD and GBP against NOK will affect the Group's result as follows:

- An increase in the USD/NOK exchange rate by 1.00, increases the result by NOK 22.4 million
- An increase GBP/NOK exchange rate by 1.00, increases the result by NOK 15.2 million

Bunkers
As a main principle the Group is not exposed to any change in bunkers prices as this risk stays with the charterer. Hence, the Group has not entered into any forward contracts to hedge the risk for changes in bunker prices.

NOTE 23 – FOREIGN EXCHANGE RATES

EXCHANGE RATES AGAINST NOK:

At the balance sheet date:	31.12.12	31.12.11
US dollar	5.57	5.99
Euro	7.34	7.75
Pound Sterling	9.00	9.28

Monthly average exchange rates:	2012	2011
US dollar	5.82	5.61
Euro	7.55	7.79
Pound Sterling	9.14	8.98

NOTE 24 – REALISATION SHARES AND RECEIVABLE IN SUBSIDIARY (NOK 1000)

On 27 December 2012, the Group sold a total of 3,217,697 shares in Octio to Statoil Venture for NOK 1, as well as outstanding receivable from Octio for NOK 0.75 million. Subsequent to the transaction, the Group has an 8 percent stake in Octio, which has been written down to NOK 1 at year end. As a result of the transaction, the Group has recognised a gain on disposal of subsidiary of NOK 19.1 million in the accounts.

Cash, assets and liabilities which have been extracted from the balance are specified in the following main categories:

Assets	
Fixed assets	949
Current assets	4 687
Cash	2 055
Short-term liabilities	26 274

NOTE 25 – EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the company has entered into new contracts and funding agreements. For further information in this regard, please refer to the report of the Board of Directors for 2012.

FINANCIAL STATEMENTS
GC RIEBER SHIPPING ASA

/ PROFIT AND LOSS STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	Note	2012	2011
OPERATING EXPENSES			
Administration expenses	3, 4	-11 866	-16 962
Total operating expenses		-11 866	-16 962
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**-11 866**	**-16 962**
Write-down	5	-6 158	1 708
Operating profit		**-18 024**	**-15 255**
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries	14	70 000	40 000
Write-down investment in subsidiary	6	-2 868	-11 405
Write-down/reversal of write-down long term receivables subsidiary	14	5 035	-23 971
Sale of shares and receivables subsidiary	13	-40 378	0
Financial income		18 836	10 979
Financial expenses		-11 231	-7 909
Realized currency gains (losses)		832	-1 313
Unrealized currency gains (losses)		-1 300	535
Net financial income and expenses		*38 927*	*6 916*
Profit before taxes		**20 903**	**-8 339**
Taxes	9	0	3 627
NET PROFIT	8	**20 903**	**-4 712**
ALLOCATION OF NET PROFIT			
Dividend	7	-43 662	-21 831
Transferred from Other Equity	7	22 759	26 543
Total allocation		**-20 903**	**4 712**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2012	31.12.2011
ASSETS			
FIXED ASSETS			
Deferred tax asset	9	43 010	43 010
Total intangible fixed assets		*43 010*	*43 010*
Vessel equipment	5	35 178	41 577
Total tangible fixed assets		*35 178*	*41 577*
Investments in subsidiaries	6	307 919	214 609
Investments in associated companies	6	273 035	233 035
Loan to associated company	6	31 550	0
Other long-term receivables subsidiaries	14	30 615	32 960
Total financial fixed assets		*643 119*	*480 604*
Total fixed assets		721 307	565 190
CURRENT ASSETS			
Receivables from subsidiaries	14	187 474	272 927
Other current assets	14	2 323	1 508
Total debtors		*189 796*	*274 435*
Cash and bank deposits	11	*24 194*	*802*
Total current assets		*213 991*	*275 237*
TOTAL ASSETS		**935 298**	**840 427**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2012	31.12.2011
EQUITY AND LIABILITIES			
EQUITY			
Share capital (43,812,800 shares at NOK 1.80)	7, 12	78 863	78 863
Portfolio of own shares (150,800 shares at NOK 1.80)	7	-271	-271
Share premium reserve	7	16 604	16 604
Total restricted equity		*95 196*	*95 196*
Other equity		624 086	646 845
Total retained earnings		*624 086*	*646 845*
Total equity	*7*	*719 282*	*742 041*
LIABILITIES			
Liabilities to financial institutions	10, 11	170 000	67 866
Accounts payable		630	592
Dividends	7	43 662	21 831
Liabilities to subsidiaries	14	719	5 900
Other current liabilities		1 005	2 197
Total current liabilities		*216 016*	*98 386*
Total liabilities		**216 016**	**98 386**
TOTAL EQUITY AND LIABILITIES		**935 298**	**840 427**

Bergen, 15 March 2013
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Hans Olav Lindal
Vice-chairman

Kristin Færøvik

Georg Nygaard

Tove Lunde

Irene Waage Basili
Man. director

/ CASH FLOW STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	20 903	-8 339
Write-downs investments in subsidiary	2 868	11 405
Write-downs on fixed assets	6 158	-1 708
Write-downs loans to subidiary	0	23 971
Loss on sale of shares in subsidiary	20 177	0
Change in accounts payable	38	-2 650
Change in receivables from subsidiaries	82 954	413 538
Change in other current assets and other liabilities	-2 342	-2 702
Net cash flow from operating activities	**130 756**	**433 515**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for purchase of fixed assets	240	19 574
Payments for investments in financial fixed assets	-187 905	-92 493
Net cash flow from investment activities	**-187 665**	**-72 919**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term liabilities to financial institutions	0	-200 000
Payments from new current liabilities to financial institutions	220 000	0
Repayment of current liabilities to financial institutions	-117 866	-138 415
Dividend payment	-21 831	-21 831
Net cash flow from financing activities	**80 303**	**-360 246**
Net change in bank deposits, cash and quoted financial investments	23 393	349
Bank deposits, cash and quoted financial investments at 01.01.	802	453
Bank deposits, cash and quoted financial investments at 31.12.	**24 194**	**802**

/ NOTES
GC RIEBER SHIPPING ASA

NOTE 1 – CORPORATE INFORMATION
GC Rieber Shipping ASA is a listed public limited company registered in Norway. The corporate head office is located at Solheimsgaten 15, 5058 Bergen, Norway.

The financial statements were authorised for issue by the board of directors on 15 March 2013.

NOTE 2 – ACCOUNTING PRINCIPLES
The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

BALANCE SHEET CLASSIFICATION
Fixed assets consist of assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long term debt. Other liabilities are classified as short term debt. The first year's installments on long term debt are classified as long term debt, but are specified in accompanying notes.

FIXED ASSETS
Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

Vessel equipment is classified as fixed assets and is recorded at the value of the incurred expenses related to the fixed asset. Vessel equipment is not depreciated until the equipment is placed in service.

The write-down of assets will be considered when there is indication of impairment in value. If the carrying amount of an asset is higher than the recoverable amount the asset will be written down towards the profit and loss statement.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY
Receivables and liabilities in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

FINANCIAL INSTRUMENTS
Financial instruments are recognised in accordance with the substance of the relevant contracts. At the inception, the contracts are defined as either hedging or commercial transactions. When defined as hedging, the income and costs are recognised and classified in the same manner as the underlying balance sheet items.

BORROWING COSTS
Borrowing costs are capitalised in the balance sheet and charged against income linearly over the loan's term to maturity.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES
Investments in subsidiaries and associated companies are valued at cost. If fair value is lower than cost, and the fall in value is not considered temporarily, the investment will be valued at fair value.

RECEIVABLES
Receivables are valued at the lower of their nominal value or fair value.

INVESTMENTS IN SHARES AND OTHER SECURITIES
Financial investments in shares, bonds, and other securities that are held for trading, are classified as current assets and are recorded at fair value at the balance sheet date.

Shares classified as fixed assets and are not investments in associated companies, are strategic investments where the Group does not have a significant influence. These shares are valued at cost or at fair value unless the impairment in value is temporarily.

CASH AND BANK DEPOSITS

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

CONTINGENCIES

Contingent losses are recognised if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable, are not recognised but disclosed in the annual report or in the accompanying notes.

TAXES

Tax expenses are related to profit before tax and are expensed for when they incur. The tax expense consists of tax payable and change in net deferred tax. The tax expense is allocated to ordinary profit and extra-ordinary profit. Deferred tax liability and deferred tax assets are presented net in the balance sheet.

CASH FLOW STATEMENT

The company's cash flow statement shows the company's consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3 – PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS TO BOARD AND AUDITOR (NOK 1000)

The company has no employees, but CEO is contracted from the subsidiary GC Rieber Shipping AS. The CEO has not received any remuneration from GC Rieber Shipping ASA as her salary has been provided from the subsidiary GC Rieber Shipping AS. The company has entered into an agreement with the CEO to pay one year's salary if the company terminates the contract of employment before the CEO has reached retirement age. No agreement has been entered into with the chairman of the board with regards to special payments upon the termination or change of his employment. There exist no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

The board of directors presents the following statement to the general meeting for consultative voting:

"The purpose of this statement is to provide superior guidelines for the company's adoption of salary and other remunerations to management, cf. the Public Limited Company Act §6-16 a. Management shall be offered competitive conditions such that the company is ensured continuity in management and the possibility to recruit qualified personnel to leading positions. By competitive conditions is meant conditions on the same level as offered by comparable companies. The remuneration shall be designed such that it promotes added value in the company. Bonus arrangements shall depend on collective or individual performance measures. The remuneration shall not be of such character or size that it can damage the company's reputation. The remuneration can consist both of a fixed salary and other supplementary benefits, including, but not limited to, payment in kind, bonus, severance pay and retirement and insurance schemes, company car, car allowance, telephone and broadband service. Management joining the company after March 2012 will be including in the company's defined contribution pension plan. The fixed salary will normally constitute the main part of the remuneration. The company does not have options programs or other schemes as mentioned in the Public Limited Company Act § 6-16 a, 1st paragraph number 3. There are no specific limits for the different categories of remunerations or the total level of remuneration to management."

Management remuneration 2012:	Salary	Bonus	Other benefits	Paid pension premium	Total remuneration
Irene Waage Basili, CEO	2 055	283	26	139	2 503
Trond Herdlevær, COO (from 9/2012)	487	-	5	22	514
Johnny Ytreland, acting COO (until 9/2012)	663	112	33	227	1 035
Einar Ytredal, CFO	1 109	221	45	193	1 568
Total managment remuneration	**4 314**	**616**	**109**	**582**	**5 620**

Management remuneration 2011:	Salary	Bonus	Other benefits	Paid pension premium	Total remuneration
Irene Waage Basili, CEO (from 3/2011)	1 221	-	9	84	1 314
Arnstein Øvsthus, COO	1 436	-	13	159	1 608
Hans Petter A. Klohs, CFO (until 9/2011) and acting CEO (until 3/2011)	1 564	-	15	127	1 705
Einar Ytredal, acting CFO (from 9/2011)	837	-	82	50	969
Total managment remuneration	**5 058**	**-**	**119**	**420**	**5 597**

Board remuneration:	Board remunera-tion 2012	Total remunera-tion 2012	Board remuneration 2011	Total remuneration 2011
Paul-Chr. Rieber, chairman	200	200	200	200
Hans Olav Lindal, vice-chairman (from 4/2012)	100	100	-	-
Kristin Færøvik (from 4/2012)	80	80	-	-
Tove Lunde (from 4/2012)	80	80	-	-
Georg Nygaard incl remuneration from audit committee (from 4/2012)	113	113	-	-
Trygve Arnesen, vice-chairman until (4/2012)	54	56	150	150
Jan Erik Clausen (until 4/2012)	44	49	120	120
Cecilie Astrup (until 4/2012)	44	49	120	120
Inga Lise Moldestad (incl. remuneration from audit committee 2009-2011) (until 4/2012)	61	66	224	224
Total board remuneration	**776**	**791**	**814**	**814**

Auditor's fees (excl. VAT):	2012	2011
Audit	217	235
Tax consulting	93	67
Other services	212	369
Total auditor's fees	**522**	**670**

NOTE 4 – SPECIFICATION OF EXPENSES BY CATEGORY (NOK 1000)

	2012	2011
Board remuneration incl. Social security tax	819	929
Auditor's fees	522	670
Management fee to GC Rieber Shipping AS	6 000	6 000
Legal fee	1 447	2 262
Consultancy fee	1 210	5 506
Project costs	-	-
Other administration expenses	1 868	1 595
Total operating expenses	**11 866**	**16 962**

NOTE 5 – FIXED ASSETS (NOK 1000)

Vessel equipment:

	2012	2011
Acquisition cost as at 01.01	78 866	98 021
+ Additions during the year	-	-
- Disposals during the year	-240	-19 154
= Acquisition cost as at 31.12	78 626	78 866
Accumulated depreciation and write-downs as at 01.01.	37 290	39 246
- Reversal of previous write-downs	-	-5 498
+ Write-downs for the year	6 158	3 790
- Disposals during the year	-	-249
Accumulated depreciation and write-downs as at 31.12	43 448	37 290
Carrying amount as at 31.12.	**35 178**	**41 577**

NOTE 6 – INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES (NOK 1000)

Company	Business office	Voting- and owner's share	Carrying amount 31.12.12	Profit 2012	Equity 31.12.2012
Polar Ship Invest II AS	Bergen	100 %	26 979	76 534	579 890
GC Rieber Shipping AS	Bergen	100 %	37 406	-17 878	54 997
Polar Explorer AS	Bergen	100 %	150 492	-20 474	184 860
Polar Ship Invest III AS	Bergen	100 %	108	106 283	105 894
Polar Ship Invest IV AS	Bergen	100 %	35 401	228 078	953 345
Polarus AS	Bergen	100 %	50 000	6 619	56 244
GC Rieber Offshore Asia AS	Bergen	100 %	1 710	53	4 097
GC Rieber Shipping Asia Pte Ltd	Singapore	100 %	-	16 297	276
GC Rieber Shipping Ltd	Great Britain	100 %	5 823	726	-12 164
Polar Queen Ltd.	Isle of Man	100 %	0	0	0
Total			**307 919**	**396 239**	**1 927 439**

Associated company	Business office	Owner's share	Carrying amount 31.12.12	Profit 2012	Equity 31.12.12
Reef Subsea Group	Bergen	50 %	273 035	-7 200	496 317

The investment in GC Rieber Shipping Asia Pte Ltd. was written down with NOK 2.8 million in 2012. In 2012 Armada Explorer has merged with Polar Explorer AS and contributes to increased investment in subsidiaries compared to 2011. Further in 2012 Armada Seismic AS and Armada Seimsic Invest I AS has merged with Polar Ship Invest IV AS. The company has divested in Octio and as of 31.12.2012 the company owns 8 percentage of Octio (see note 13).

The company has granted a loan of total NOK 31.6 million to Reef Subsea Group. The calculated interest is 12 percent pro annum.

NOTE 7 – EQUITY

STATEMENT OF CHANGES IN EQUITY (NOK 1000):

			Restricted equity	Other equity	
	Share capital	Portfolio of owvn shares	Share premium reserve	Other equity	Total
Equity 01.01	78 863	-271	16 604	646 845	742 041
Profit of the year				20 903	20 903
Dividends				-43 662	-43 662
Equity 31.12	**78 863**	**-270**	**16 604**	**624 086**	**719 282**

ORDINARY SHARES:

	Number of shares	Par value	Carrying amount
Share capital	43 812 800	1.80	78 863 040
Own shares	150 800	1.80	-271 440

OWN SHARES:
At 31.12.2012 the company owns 150,800 own shares, representing 0.34 percent of the total number of shares.

DIVIDEND (NOK 1000):

Paid dividend:	2012	2011
NOK per share (2012 and 2011; NOK 0.50)	21 831	21 831
Proposed dividend:		
The following dividend was proposed by the board to be paid after balance sheet date	43 662	21 831

NOTE 8 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The company has no convertible loans or equity instruments and the diluted earnings per share are thus equal to earnings per share.

	2012	2011
Profit for the year (NOK 1000)	20 903	-4 712
Time weighted average number of shares applied in the calculation of earnings per share	43 662 000	43 662 000
Number of ordinary shares outstanding as at 31.12.	43 662 000	43 662 000
Earnings per share (NOK)	0.48	-0.11
Diluted earnings per share (NOK)	0.48	-0.11

NOTE 9 - TAXES (NOK 1000)

INCOME TAX EXPENSE:	2012	2011
Profit before taxes	20 903	-8 339
Permanent differences		
Other non tax deductable costs	23	10
Write-down investment in subsidiary	29 459	35 376
Loss on sale of share	9 520	-
Group contribution	-70 000	-40 000
Temporary differences		
Change gain and loss account	21	26
Change in other temporary differences	6 158	-4 241
Tax base for the financial year	**-3 916**	**-17 169**
Payable income tax expense (28%)	-	-

Taxes in profit and loss statement:

Change in deferred tax	-	-3 627
Taxes (tax income)	-	**-3 627**

Reconciliation of current year's taxes:

Profit before taxes	20 903	-8 339
Calculated tax using nominal tax rate (28 %)	5 853	-2 335
Reversal tax paid previous years	2 827	-
Permanent differences	-8 679	-1 292
Taxes (tax income)	-	**-3 627**

DEFERRED TAX LIABILITIES/ASSETS		
Gain and loss account	103	103
Temporary differences fixed assets	-29 391	-23 233
Tax losses carried forward	-132 166	-130 480
Unrecognized tax loss carry forward	7 847	-
Basis for calculation of deferred tax	-153 608	-153 610
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-43 010**	**-43 010**

NOTE 10 – LONG TERM LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The company has per 31.12.2012 drawn NOK 170 million upon a credit facility of NOK 250 million. The facility is valid until November 2013 and is presented as short term debt in the financial statements. Per 31.12.2011 the available credit was NOK 250 million.

NOTE 11 – BANK DEPOSITS/SHORT TERM LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The company is a part of the GC Rieber Shipping group's multi currency cash pool system without credit. This implies that the net total of deposits and withdrawn amounts on the bank deposits related to all the companies in the group account system is positive.

The company's withdrawn amounts/bank deposits in financial institutions included the group account system as at 31.12. consist of:

	2012	2011
Cash at banks and on hand	24 194	802
Total cash and bank deposits	**24 194**	**802**
Credit facility	-170 000	-
Bank accounts related to the group account system	-	-67 866
Total short term liabilities to financial institutions	**-170 000**	**-67 866**

Bank deposits earn interest income based on the banks' prevailing terms at all times. Short term bank deposits are placed for varying periods from one day to six months depending on the company's need for liquidity. These deposits earn interest income based on the banks' terms related to short term deposits.

The company does not have cash credit or other drawing rights.

NOTE 12 – OVERVIEW OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2012 (outstanding shares):

Name	Shares	% of shares
GC RIEBER AS	30 861 735	70.4 %
AS ODIN II	5 003 555	11.4 %
LEIF HILMAR SØRENSEN	909 000	2.1 %
PARETO AKSJE NORGE	615 640	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
DELTA A/S	350 000	0.8 %
STORKLEIVEN AS	342 954	0.8 %
TANNLEGE RANDI ARNESEN AS	273 600	0.6 %
PARETO AKTIV	272 100	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	206 000	0.5 %
TORHILD MARIE RONG	161 500	0.4 %
BERGEN RÅVAREBØRS II AS	153 269	0.3 %
GC RIEBER SHIPPING ASA	150 800	0.3 %
PARETO VERDI	143 170	0.3 %
TIGO AS	141 359	0.3 %
TRIOFA 2 AS	141 359	0.3 %
PAUL (PAAL) RIEBERS FOND	130 000	0.3 %
ARILD NØST ARNESEN	122 000	0.3 %
OTHER SHAREHOLDERS	2 860 509	6.5 %
TOTAL SHARES	**43 812 800**	**100.0 %**

Board member Georg Nygaard owns 5 000 shares as at 31.12.2012. No other members of the board nor the CEO own shares in the Company. The Chairman of the board, Paul-Chr. Rieber controls indirect 802 405 shares equal to 1.8 percent, of the share capital.

As at 31.12.2012, GC Rieber AS owns 30.861.735 shares in GC Rieber Shipping ASA. This constitutes 70.4 percent of the outstanding shares in the company. At 31.12.2012 the company owns 150,800 own shares, representing 0.34 percent of the share capital.

Transaction with subsidiaries:

The Company has entered into an agreement with GC Rieber Shipping AS to purchase administrative services. Yearly management fee is NOK 6 million. Reference is made to note 14 for other transaction with subsidiaries.

NOTE 13 – REALISATION OF SHARES AND RECEIVABLES IN SUBSIDIARY (NOK 1000)

At 27.12.2012 the company sold a total of 3,217,697 shares in Octio to Statoil Venture AS at NOK 1, and outstanding receivables to Octio at NOK 0.75 million. The company now owns 8 percent of Octio which is written down to NOK 1 at the end of the year. The transaction resulted in a loss on shares of NOK 20.2 million and a loss of receivables of NOK 20.2 million.

NOTE 14 – RECEIVABLES/LIABILITIES (NOK 1000)

	2012	2011
Intercompany transactions		
Long term receivables group	30 615	56 931
Write down long term receivables group	-	-23 971
Short term receivables group	187 474	272 927
Total receivables group	218 089	305 887
Short term liability group	719	5 900
Total liability group	719	5 900
Other short term receivables		
Accounts receivables	-	-
Other short term receivables	2 323	1 508
Total other short term receivables	**2 323**	**1 508**

None of the short term receivables or liabilities falls due more than a year per 31.12.2012.

The main short term receivables in 2012 consists of group contribution (with tax effect) received from Polar Ship Invest II AS and Polar Ship Invest IV AS of NOK 50 million (2011: NOK 240 million) and NOK 20 million, both contributions given in 2012. NOK 92 million is loan to subsidiary Polar Ship Invest IV AS, including interest of NOK 6.5 million.

In 2011 short term receivables also included a convertible loan to Octio of NOK 18.7 million. The loan was realized in 2012.

Long term receivables are comprised of loan to GC Rieber Shipping Ltd NOK 30.6 million.

In 2011 loan to GC Rieber Shipping Asia Pte Ltd of NOK 24 million was written-down to zero in 2011. In 2012 a total of NOK 5 million was revered and paid back. The remaining loan was released at the end of the year.

Short term debt to group companies includes a regular accounts payable to subsidiary GC Rieber Shipping AS of NOK 0.7 million.

NOTE 15 – SECURITY AND GUARANTEES

GC Rieber Shipping ASA has guaranteed for NOK 1.148 million of interest bearing liabilities in the Group. In the underlying companies, these are secured liabilities. The company has not guaranteed for non-controlling interests share of liabilities.

/ AUDITOR'S REPORT

State Authorised Public Accountants
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Member of the Norwegian Institute of Public Accountants

To the Annual Shareholders' Meeting of
GC Rieber Shipping ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of GC Rieber Shipping ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2012, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2012, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer 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.

ERNST & YOUNG

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of GC Rieber Shipping ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and its financial performance and 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 financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the 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 statement on corporate governance

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

Opinion on 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 Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

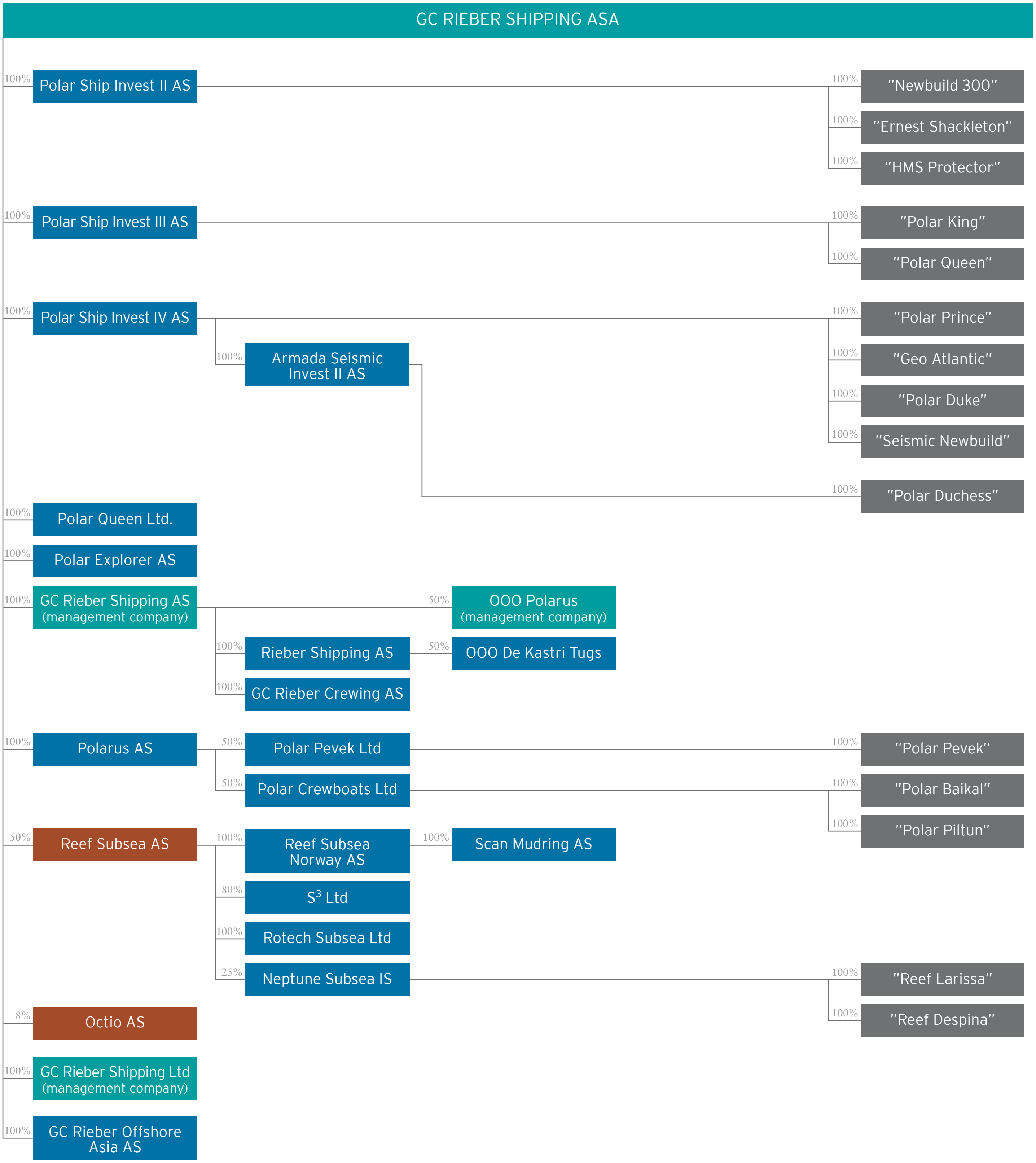
Bergen, March 15 2013
ERNST & YOUNG AS

Jørund Indrehus
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

CORPORATE STRUCTURE

/ CORPORATE STRUCTURE PER APRIL 2013



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