ANNUAL REPORT 2011

GC RIEBER

/ KEY FINANCIAL FIGURES

The GC Rieber Shipping group	2011	2010	2009	2008
Income Statement figures (in NOK 1000)				
CONTINUING OPERATIONS				
Operating income	625 787	561 226	668 455	573 050
Operating expenses	-358 772	-385 301	-501 192	-375 567
EBITDA	267 015	175 925	167 263	197 483
Depreciation	-147 517	-130 417	-117 284	-79 678
Write-downs	-2 571	-92 742	-50 385	-14 711
Gains (losses) on sale of fixed assets	969	293 548	-	4 327
EBIT	117 897	246 313	-405	107 420
Net financial items	-8 511	-38 153	-60 773	13 778
- whereof unrealized currency gains/losses	-15 014	29 376	8 668	7 452
- whereof profit from associated companies	-17 944	-34 938	-34 819	4 304
Profit before taxes	109 386	208 160	-61 179	121 197
Net profit	114 761	146 972	78 062	176 783
PROFIT FOR THE YEAR				
Profit for the year	114 761	146 972	78 062	176 783
Minority share	-3 611	1 735	38 441	4 119
Profit after minority share	111 150	148 707	116 503	180 902
Normalized profit (1)	138 882	3 728	3 020	124 129
Balance Sheet figures (in NOK 1000)				
Fixed assets	3 227 513	2 438 990	2 259 382	1 663 955
Current assets	633 405	724 225	621 146	1 010 335
Equity	1 913 770	1 794 292	1 545 026	1 507 300
Long-term liabilities	1 597 557	860 576	1 012 092	829 197
Current liabilities	349 591	508 347	323 409	337 793
Total equity and liabilities	3 860 918	3 163 214	2 880 528	2 674 290
Financial key figures				
Equity ratio (2)	50 %	57 %	54 %	56 %
Equity per share (3)	39	37	34	33
Current ratio (4)	3,9	4,4	5,0	5,1
Normalized cash flow (5)	286 399	134 145	120 304	203 807
Interest bearing debt	1 727 234	1 136 518	1 070 554	643 819
Bank deposits and liquid assets	458 951	532 395	361 816	742 754
Number of years to repay interest bearing debt (6)	4,4	4,5	5,9	-0,5
Profitability				
EBITDA margin	42,7%	31,3%	25,0%	34,5%
Return on equity (7)	6,0%	8,9%	7,6%	12,3%
Normalized return on equity (8)	7,5%	0,2%	0,2%	8,4%
Return on total assets (9)	4,7%	6,4%	5,3%	8,6%
Normalized return on total assets (10)	5,5%	1,6%	1,2%	6,2%
Normalized cash flow per share (11)	6,56	3,07	2,76	4,68
Earnings per share (12)	2,55	3,41	2,67	4,15
Normalized earnings per share (13)	3,18	0,09	0,07	2,85
Weighted average number of shares	43 662 000	43 659 432	43 630 882	43 587 790

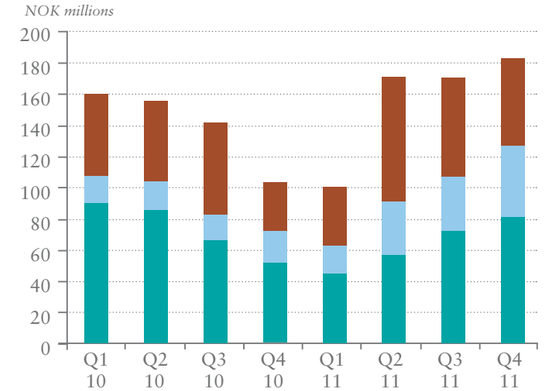
Definitions:
1) Profit before taxes from continuing operations adjusted for unrealized currency gains/losses, sales gains and write-downs (incl. write-downs in associated companies)
2) Equity per 31.12 less minority interests divided by total equity & liabilities per 31.12
3) Equity per 31.12 less minority interests divided by number of outstanding shares per 31.12
4) Current assets divided by current debt, with 1 year downpayment on long-term debt deducted
5) Normalized profit plus depreciation
6) Interest bearing debt less bank deposits and liquid assets, divided by cash flow
7) Net profit divided by average equity
8) Normalized profit divided by average equity
9) Net profit + financial expenses, divided by average total assets
10) Normalized profit plus financial expenses, divided by average total assets
11) Normalized cash flow divided by average weighted number of shares outstanding
12) Net profit divided by average number of shares outstanding
13) Normalized profit divided by average number of shares outstanding

/ ANALYTICAL INFORMATION

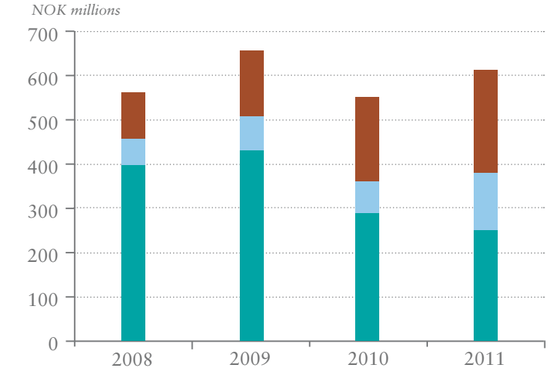
Operating income, EBITDA and normalized pretax profit.

Marine Seismic
Ice/Support
Subsea

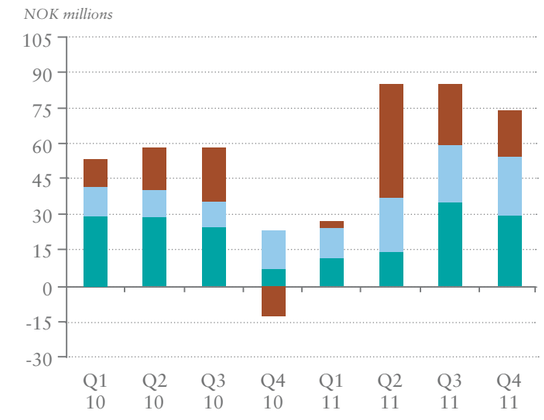
OPERATING INCOME / QUARTERLY DEVELOPMENT



OPERATING INCOME / ANNUAL DEVELOPMENT

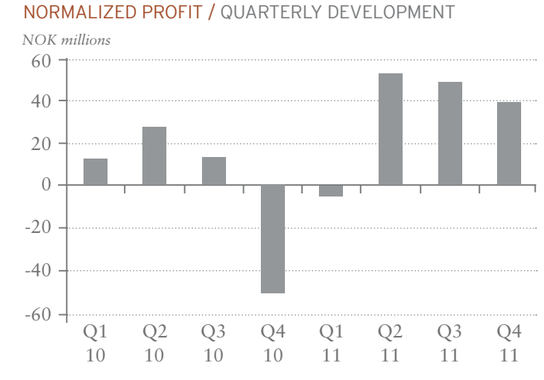


EBITDA / QUARTERLY DEVELOPMENT

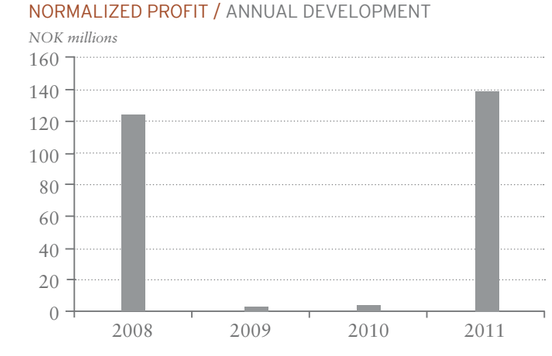


EBITDA / ANNUAL DEVELOPMENT

NORMALIZED PROFIT / QUARTERLY DEVELOPMENT

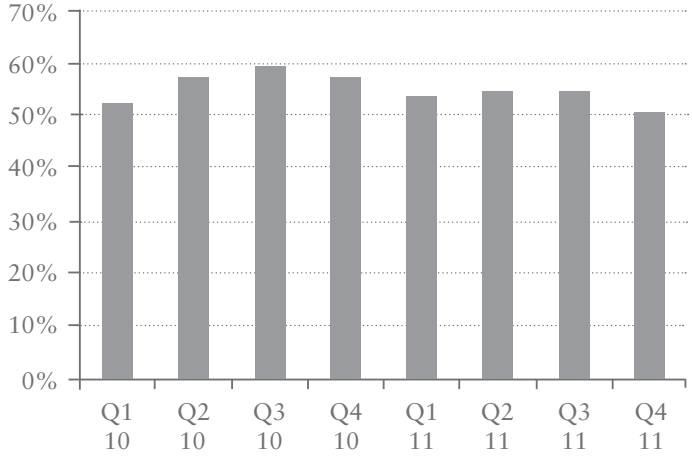


NORMALIZED PROFIT / ANNUAL DEVELOPMENT



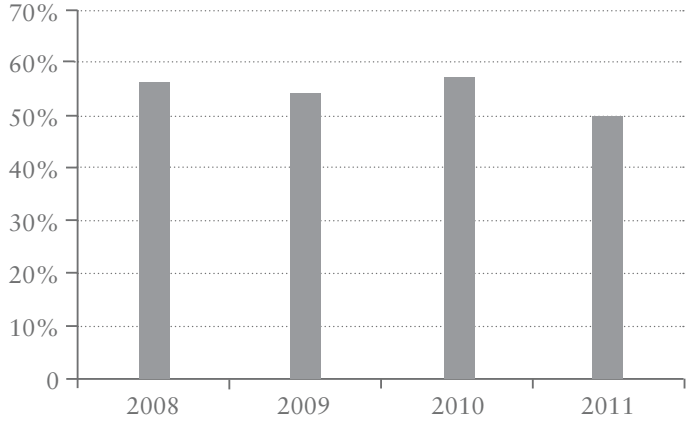
EQUITY RATIO / QUARTERLY DEVELOPMENT

Percent (%)



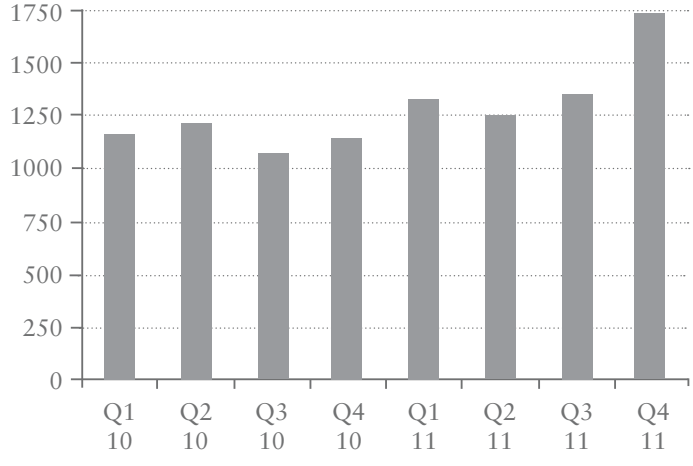
EQUITY RATIO / ANNUAL DEVELOPMENT

Percent (%)



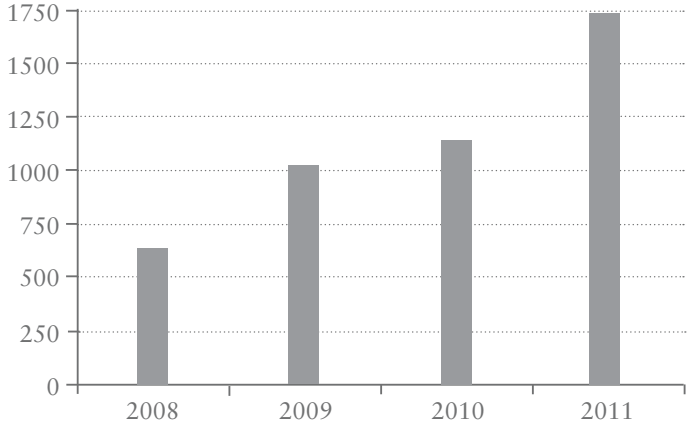
INTEREST BEARING DEBT / QUARTERLY DEVELOPMENT

NOK millions



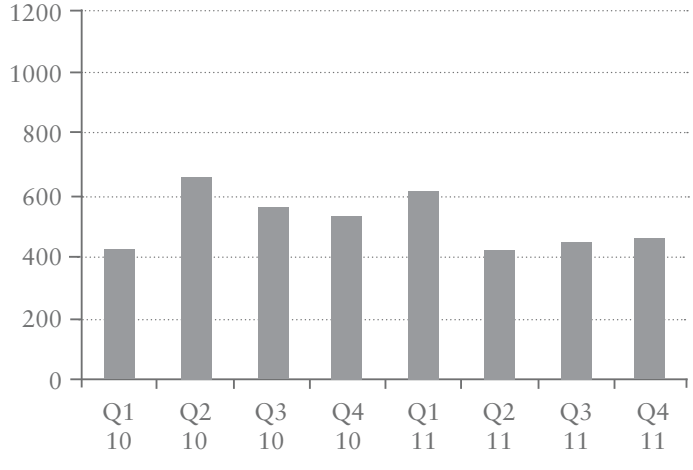
INTEREST BEARING DEBT / ANNUAL DEVELOPMENT

NOK millions



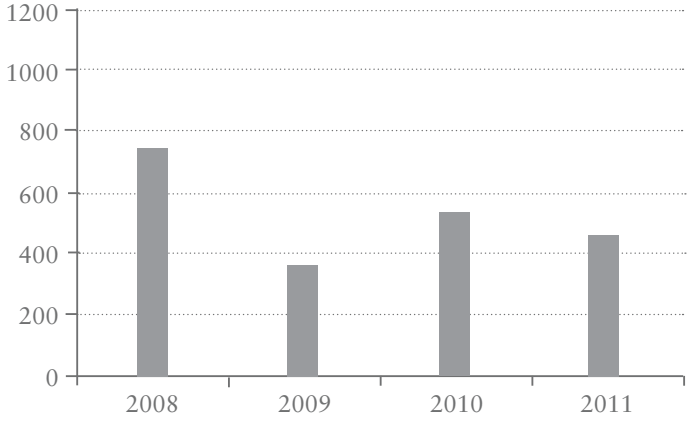
LIQUID ASSETS / QUARTERLY DEVELOPMENT

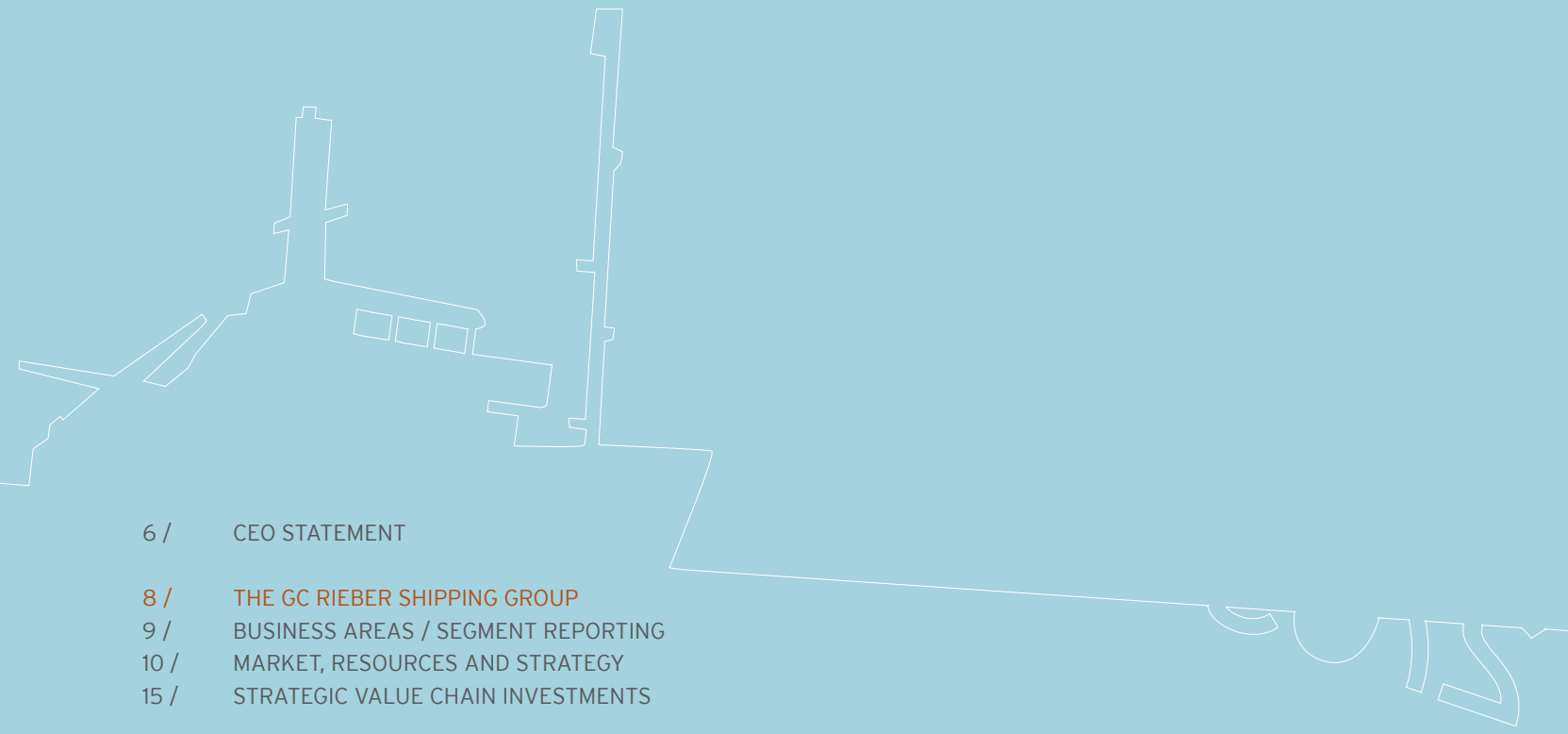
NOK millions



LIQUID ASSETS / ANNUAL DEVELOPMENT

NOK millions





/ CEO STATEMENT

Though still plenty of challenges in the global economy, we can see several positive signals in GC Rieber Shipping's markets as 2012 has started to unfold. Both the marine seismic and subsea markets are promising as fleet balance and rates are starting to move in right directions. Looking back at last years' challenges; are there any new lessons learned? And; even more crucial: Where do we go from here?

Though not really new; some cornerstones in our business philosophy has once again been confirmed. The first one is the value of acting countercyclical. GC Rieber Shipping saw an attractive opportunity to renew and rebalance the fleet in the aftermath of the financial crises, and initiated a renewal program in 2009. Two years later we have 4 new high end vessels launched at favourable costs, benefiting both our customers and our owners. As part of this, we decided to re-enter the marine seismic segment with the re-purchase of the two seismic vessels originally designed by GC Rieber Shipping. Looking at market developments today, both for our subsea and seismic vessels we are very satisfied with this timing.

Looking back, blessed with 20/20 hindsight vision, these seem to be obvious moves that everybody could make; so what's the trick? The short answer for us is "be in position - with funding and capable people".

To be able to act on opportunities you need a solid balance sheet, available cash, sound operations and creative project management. Solidity is a long term GC Rieber Shipping trademark. Free cash often comes as a consequence of a sound balance sheet, but is also a matter of choices. GC Rieber Shipping has never been reluctant to trade tonnage when a potential buyer arrives enabling new and exciting investments.

The third element, sound operations, is maybe a less highlighted parameter in the game of countercyclical decision making. Therefore, for us, ship management is a strategic competence that we wish to have in-house and necessary in our value creation in project development. Sound operations in challenging times have many ingredients - where skilled people and predictable systems and costs are two basic conditions.

GC Rieber Shipping has over the years developed core competences in ship management and commercial management, as well as project development. These competencies come together in the day to day operations. The outcome is "hands on" knowledge of all aspects of our industry and in-depth information of trends and customer requirements which in turn gives us the ability to move on new opportunities as they emerge. We are particularly pleased by the impressive efficiency seen in our internally developed seismic vessels, the "Polar Duke" and "Polar Duchess", which have come into operation during the last 12 months. The feedback from our clients is overwhelmingly positive – both in terms of design and operation – which is a tremendous compliment to our organisation.

We experience that strong core competencies, drive both sound operations and strategic decisions in GC Rieber Shipping. Our successful strategic moves in 2010-2011 go hand in hand with patient day to day operations. The last years' market and financial turbulence has reminded us of the importance of a solid core business.

So what lies ahead? From the market developments going into 2012 it looks like we are going into a very active period in all our segments. Many companies are evaluating new investments, and from the previous period we know that this could easily turn into a new boom followed by a surplus of supply, and falling

rates. Can the cycle be avoided? Time will show, but if you don't get in the game you cannot win. Nevertheless a word of caution may be appropriate when everybody seem eager to get into new projects. We believe the key to success over time lies in clever and careful designs of vessels which increase the productivity and flexibility for our clients. Our strategy is to integrate our operational experience into future projects, thereby increasing the efficiency of the vessels we bring to the market. This will benefit our customers which again will benefit our owners and our organisation.

GC Rieber Shipping will for sure take part in the competition and address new projects. But we will not necessarily copy what we did last time or follow what others do. We are confident that we have the competence to find our own way, and the financial strength is in place. And we will pick the right moment to make new moves.

Irene Waage Basili
CEO

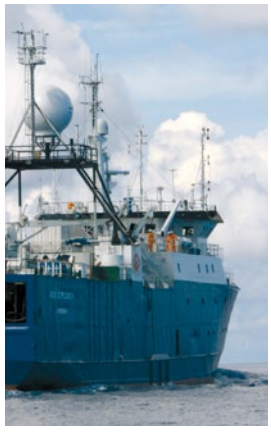
THE GC RIEBER SHIPPING GROUP

/ BUSINESS AREAS / SEGMENT REPORTING

GC Rieber Shipping is organised in three business areas, which in the financial segment reporting are treated as three separate segments; Subsea, Ice/Support and Marine Seismic. The separate business areas each have sub segments as illustrated below.

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 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	CORE	100%
	SUBSEA SUPPORT REEF SUBSEA / Technocean / Scan Mudring / Rotech Subsea / Specialist Subsea Services (80%) / Neptune Subsea (25%)	VALUE CHAIN	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 two vessels (3D and 2D/Ice) ARMADA SEISMIC / Two high capacity seismic vessels	CORE	100% 65%
	RESERVOIR MONITORING (IOR) OCTIO GROUP	VALUE CHAIN	61%
	SHIP MANAGEMENT / Operates offshore vessels for other owners	CORE	100%



Reef Subsea, the 50/50 joint venture with HitecVision comprising Technocean, Scan Mudring, Rotech Subsea, Spesialized Subsea Services and Neptune Subsea is reported as an associated company in GC Rieber Shipping's financial reporting using the equity method.

GC Rieber Shipping's shareholding in Octio is 61% and the company is consolidated as a subsidiary.

Armada Seismic is owned 65% by GC Rieber Shipping and the company is consolidated as a subsidiary.

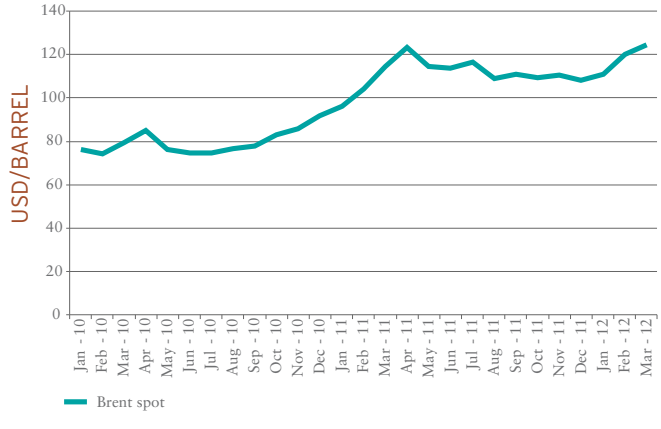
/ MARKET, RESOURCES AND STRATEGY

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high quality marine ship management, project development and industrial portfolio management 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. Through strategic value chain investments the group has substantial knowledge and experience within offshore subsea and marine seismic.

MARKET

As a supplier of services to oil service companies in connection with exploration and extraction activities in the oil and gas industry, GC Rieber Shipping's activities within all business segments are closely linked to the development in the energy markets. The development in oil prices is the most important driver for exploration and extraction activities, and consequently the most important single factor for the group's development along with supply / demand balance in the fleet. The figure below illustrates oil price development last two years.

OIL PRICE TRENDS

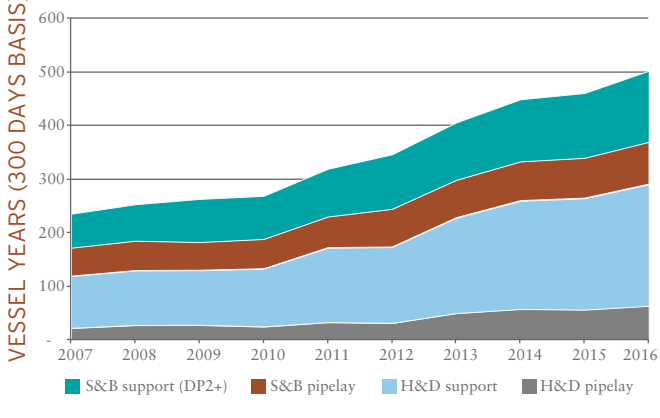


At the beginning of 2012 prices are on the rise, due to increasing political tension in the Middle East, causing uncertainty for the growth ahead. Expectations in the market are that prices will remain high throughout the year, despite uncertainty and a somewhat dim outlook for growth in the world economy. The large international oil companies expanded their exploration and extraction budgets (E & P-spending) by about 10 % in 2011, and an even stronger growth is predicted for 2012. Forward to 2016 the average growth is expected to be around 7.5 %. This is positive for GC Rieber Shipping's market segments subsea, ice/support and marine seismic.

The market for subsea operations grew strongly from 2004 to 2007, as a consequence of a steadily increasing number of seabed installations related to new oilfields and satellites for existing fields. In 2008 and 2009, however, the market was subdued by capacity surplus followed by lower activity and E & P spending arising from the financial crisis. In 2010, the company experienced increasing demand in the subsea market, but rates remain under pressure by overcapacity. In the course of 2011 demand started to pick up, but a continued addition of new tonnage caused the market to fluctuate and the rates to remain at a low level.

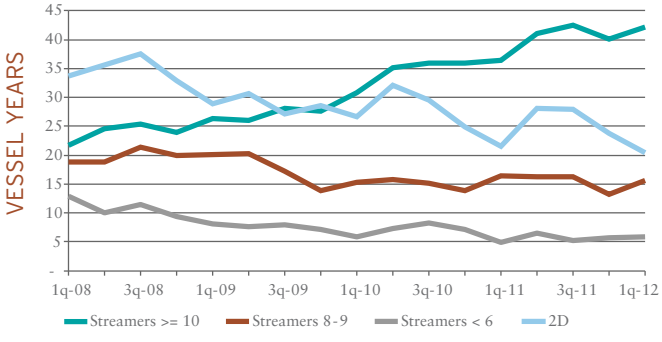
Key drivers for demand for subsea vessels are offshore pipelay and support for such operations. The expected demand for these activities is shown in the figure below, divided into two segments; benign and shallow water (B&S) and harsh and deepwater (H&D). The H&D demand is expected to grow 11 % p.a. forward to 2016, and growth in the B&S segment is expected to reach 7.5 % p.a. The increased demand is expected to absorb the available tonnage and subsequently result in increased rates.

OFFSHORE PIPELAY & SUPPORT DEMAND FORECAST



The oil price decline towards the end of 2008 caused a turbulent 2009 in *the marine seismic market* as in other oil service segments, with deferred exploration projects across the board. The demand started to normalise towards the end of 2009, and this continued in 2010, although the Macondo accident in the spring 2010 temporarily dampened the demand growth. The market for seismic operations regained strength during 2011, with a market grow of 14 % in 2011. Together with a reduction in the number of new vessels being built, we saw an increased optimism and gradual improvement in the rates toward 2012. The development in the market is illustrated in the figure below.

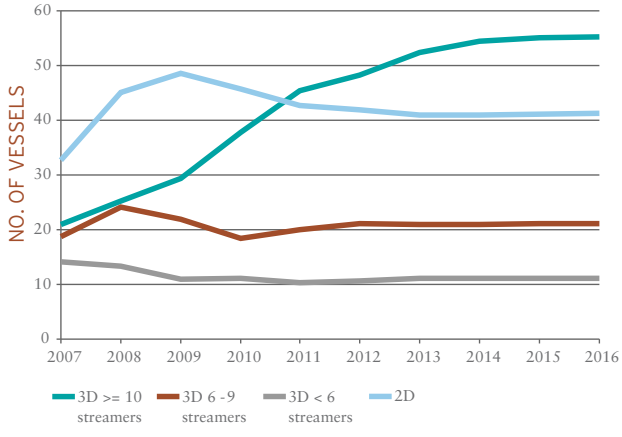
OFFSHORE SEISMIC DEMAND



The figure clearly shows that all growth in the seismic market is related to high capacity 3D market. This is an expected trend longer term, as the 3D segment of the market will represent a larger share of the total.

It is evident that this segment of the market will be more and more important.

OFFSHORE SEISMIC VESSEL FLEET



Although there are many uncertainties in the seismic market, it is expected that the balance in the high capacity 3D segment will give suppliers a good position medium term.

CONTRACT BACKLOG

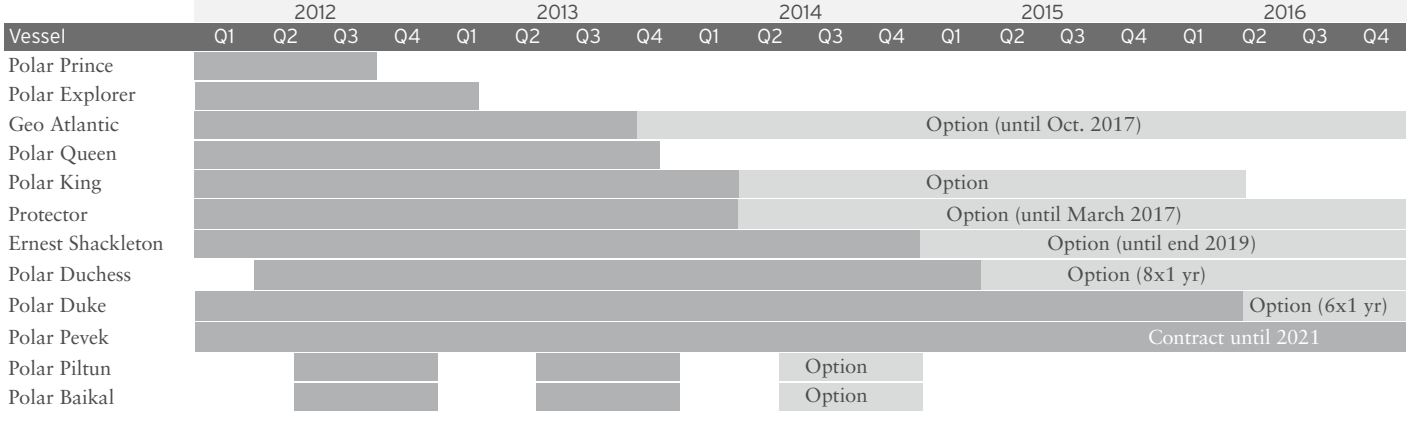


Figure 1

Within ice/support the major business opportunities are related to oil exploration and production in the arctic environment. The activity within oil-related operations in icy waters is increasing, but the market is still in an early phase. Substantial oil and gas exploration projects are currently in progress. Lately we have also seen increasing attention to the potential in the Arctic, which is assumed to hold up to 25 % of the worlds undiscovered oil resources. There is a high demand for both special purpose vessels designed for ice environment and crew with ice competence. The research application of the vessels is currently affected by lacking funding from public research programmes, but increasing environmental/climate focus may contribute to change this going forward. In the longer term there is considerable additional potential in this segment, but it will remain a niche segment and there is political risk attached to this segment.

CORE ACTIVITIES

GC Rieber Shipping's core activities comprise vessel ownership, vessel operations and ship management, as well as project management.

GC Rieber Shipping currently operates 18 advanced, multi-functional special purpose vessels within its defined markets, of which 12 are owned by the company. Included here is GC Rieber Shipping's stake in Armada Seismic of 65 %.

Figure 2 gives an overview of the fleet, and figure 1 shows the actual contract coverage at the end of 2011.

FLEET

Vessel	Built (year)	Type
Polar Explorer	1988/2004	2D/source
Ernest Shackleton	1995	Ice/subsea IMR
Polar Prince	1999	Subsea IMR & light CSV
Geo Atlantic	2000/2006	3D, 10 streamers
Protector	2001	Ice/offshore
Polar Pevek	2006	Ice/tug
Polar King	2011	Subsea IMR & CSV
Polar Duke	2011	3D, 14 streamers
Polar Queen	2011	Subsea IMR & CSV
Polar Duchess	2012	3D, 14 streamers
Polar Piltun	1998/2009	Crew boat
Polar Baikal	2000/2009	Crew boat

Figure 2

GC RIEBER SHIPPING ASA

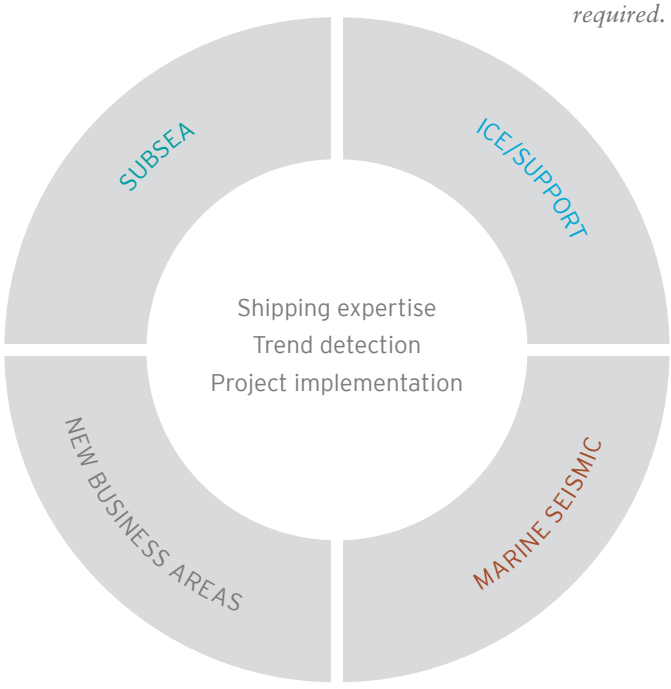
NORWAY	ENGLAND	RUSSIA
38 employees Shipowner Ship Management & Project (incl. 2 employees in Singapore) 18 employees seabed seismic (Octio)	16 employees Ship management	5 employees Ship management
135 marine crew		

Figure 3

FUTURE POTENSIAL BUSINESS AREAS

New subniches via Reef Subsea. New vessels satisfying new HSE requirements.

Opportunities related to oil & gas exploration in Russia and US/Canada. JV vith local partner required.



New niches derived from core competence

Towed seismic initiatives through Armada Seismic. Initiatives related to reservoir monitoring. Utilize knowledge and network/relations

Figure 4

Project management has been heavily involved in a new building program 2009 – 2011. An investment programme of approximately NOK 1.6 billion relating to the fleet renewal and rebalancing of the portfolio was completed in 2011. The program includes the following deliveries:

- "Polar King", a subsea IMR & CSV vessel, currently on contract with Reef Subsea
- "Polar Queen", sister vessel of "Polar King" and same specifications, on contract with Mexican company Oceanografia in Gulf of Mexico
- "Polar Duke", a 3D seismic vessel with 14 streamers and on contract with Dolphin Geophysical
- "Polar Duchess", sister vessel of "Polar Duke" and completed in March 2012 after a rebuilding, and also on contract with Dolphin Geophysical

STRATEGIC VALUE CHAIN INVESTMENTS

Through its value chain investments GC Rieber Shipping gets access to important competence, which can provide a platform for further expansions in the value chain within oil service. GC Rieber Shipping seeks to balance exposure and control; typically stakes are in the range 34-60 %. Only 5 % of GC Rieber Shipping's capital employed is invested in value chain companies – so the overall exposure is limited. The value chain investments for GC Rieber Shipping are currently:

- Reef Subsea; a subsea services company, which is the shareholder in Technocean, including its subsidiary Scan Mudring, as well as shareholdings in Rotech Subsea, Specialist Subsea Services and Neptune Subsea. Reef Subsea is a 50/50 joint venture between GC Rieber Shipping and HitecVision.
- Octio; a geophysical company focusing on reservoir monitoring. GC Rieber Shipping has a 61 % shareholding in Octio.

Reef Subsea and Octio are further described in a separate section after this chapter.

ORGANISATION

The group's headquarter is located in Bergen (Norway), while ship management companies are located in Sevenoaks (England) and Yuzhno-Sakhalinsk (Russia). GC Rieber Shipping has a corporate marine management function for operations, human resources, QHSE and purchasing. This corporate function shall streamline and optimize GC Rieber Shipping's ship management activities internationally. These matrix functions are located in Bergen (Norway), but are common resources for all ship management offices - in Norway, UK and Russia.

PERSONNEL AND COMPETENCE

GC Rieber Shipping has a simple and flexible organisation with 77 employees onshore and approximately 135 offshore, including subsidiaries. A more detailed overview of the distribution of the employees is given in figure 3.

GC Rieber Shipping has a unique competence on maritime operation of vessels in harsh environments, as well as design, development and maritime operation of offshore vessels. The company culture promotes knowledge exchange 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.

STRATEGY

GC Rieber Shipping has through the company's history documented the ability to create value from the built-up competence, and has also been able to visualize the values created. Successful counter-cyclical and early-cyclical investments have provided substantial returns. The company has a solid equity ratio, liquidity and well established bank relations, which gives access to long-term financing at favourable terms.

Areas of strategic focus ahead include:

- 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.

An illustration of the strategic thinking can be seen in figure 4.

HISTORY

1930s / WOODEN FISHING VESSELS
Shipping activities begins with wooden fishing/hunting vessels

1950s / ICE/POLAR RESEARCH DEPLOYMENT
Participate in first Norwegian post-war scientific expeditions to the Antarctic

1960s / SEISMIC DEPLOYMENT
First employment in seismic surveys in the North Sea in 1968

1980s / OFFSHORE SUPPORT DEPLOYMENT
First employment in offshore support

1990s / SEISMIC DESIGN EXCELLENCE & LISTING ON OSLO BØRS
Built and was largest owner in the first Ramform seismic vessel in 1996
Demerger from GC Rieber, IPO and listing on Oslo Børs in 1998

2000s / SEISMIC BUILD-UP & HARVESTING
Demerger; seismic activity and assets spun off into Exploration Resources ASA in 2005. Exploration Resources was listed in March 2005 and acquired by CGGVeritas in the autumn 2005.
Arrow Seismic established late 2005, with subsequent listing on Oslo Axess in May 2007, and thereafter disposal of 42.5% stake in November 2007.

2006-2008 / EXPANSION GLOBALLY AND IN THE VALUE CHAIN
- Acquisition of a majority shareholding in Technocean.
- Acquisition of 100% of Scan Mudring, a specialist within soil removal at the seabed.
- Acquisition of a 40% shareholding in Bluestone Offshore Pte Ltd – deepwater geotechnical analysis (core drilling).
- Established the permanent monitoring company OCTIO.
- Established ship management office in Singapore, Asia.

2009-2010 / FLEET RENEWAL INITIATED, REESTABLISHMENT IN SEISMIC AND CONSOLIDATION
- Acquisition of 3D vessel "Geo Atlantic" from PGS.
- Acquisition of two subsea IMR new buildings from Sea4.
- Reef Subsea established as 50/50 joint venture between GC Rieber Shipping and HitecVision. Technocean, Scan Mudring and Bluestone Offshore included in JV.
- Sale of the "Polar Queen" to Acergy.
- Established the marine seismic company Armada Seismic, owned 65% by GC Rieber Shipping. Acquisition of two seismic new buildings.

2011 / COMPLETION OF FLEET RENEWAL PROGRAM
- Investment programme of approximately NOK 1.6 billion relating to the fleet renewal and rebalancing of the portfolio, initiated in 2009, was completed in 2011.
- Reef Subsea AS sold its ownership stake in Bluestone Offshore Ltd. New investments in subsea core business: S3 (80%), Rotech Subsea (100%) and Neptune Subsea (25%).
- Up until the end of 2011 the "Greatship Maya", a vessel operated by GC Rieber Shipping, was sub-chartered to Bluestone Offshore.
- Ship management office in Singapore closed down.

/ STRATEGIC VALUE CHAIN INVESTMENTS

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 HitecVision.

BUSINESS AND ORGANISATION

Reef Subsea operates mainly from Northern Europe (UK, Norway) and Singapore. The group of specialized companies offers a wide range of subsea services covering Subsea Construction & IRM, ROV and Survey Services and Seabed Dredging. Reef Subsea companies include Technocean, Scan Mudring, Spesialized Subsea Services, Rotech Subsea and an investment in Neptune Subsea.

Technocean is a subsea contractor, headquartered in Bergen, Norway providing IMR services, light marine construction, subsea intervention, trenching, cable laying and burial services, survey & positioning services to the Oil, Gas and Renewables industry worldwide.

Scan Mudring is a specialist provider of subsea dredging services based in Mandal, Norway. The company has a track record of executing successful projects in deep water, with difficult operating conditions and in areas with restricted access.

Specialist Subsea Services Ltd (S^3) (80 % owned) is based in Aberdeen, UK and was acquired by Reef Subsea in December 2010. S^3's expertise and core capabilities are ROV's, Survey, geotechnical and subsea intervention management services within the offshore oil and gas and renewable industry.

Rotech Subsea's main focus is the provision of subsea excavation services to the Oil & Gas, Renewable Energy, Salvage and Decommissioning markets. Rotech are industry experts in developing technology solution focused on subsea and drilling products for the oil and gas industry.

Neptune Subsea (25%) owns and operates two modern DP2 subsea construction vessels. The vessels are chartered to Reef Subsea for a five years period.

Reef Subsea is headquartered in London, UK.

OCTIO

OCTIO is a one-stop solution provider of Permanent Oilfield Monitoring (POM) with a Life-Of-Field perspective that utilizes technologies and competence within reservoir monitoring, caprock integrity and environmental monitoring. GC Rieber Shipping holds a 61% stake in OCTIO Group.

BUSINESS & ORGANISATION

OCTIO delivers a total Permanent Oilfield Monitoring solution (ReM) for Oil and Gas Companies, as the key to increased recovery and reduced risk. The system is built for permanent deployment on the sea floor with a 25 years lifetime. Once it has been installed, the system can be used to perform passive monitoring as well as repeated seismic surveys of the reservoir as required in order to control the development of the reservoir, the overburden and the environment. The data acquisition system is intended to enable the use of seismic data in the reservoir development plan in combination with a real time warning system in case of leakage of gas, oil, waste or polluted water from the seabed.

OCTIO Group is headquartered in Bergen (Norway), with sales offices in Houston and Brazil.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

/ HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

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. Officer conference 2011 had focus at the impact of communication and the manager's responsibilities.

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 in 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 outside of the requirements which is defined in the regularly International Maritime Organisation (IMO) established conventions for shipping.

An operational bridging document between customer and the company as ship operator is important to establish and keep updated. This has been introduced as standard procedure to secure reliable communication to existing and new customers both on board and shore side.

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 and in progress with 14001 and 9001 standards.

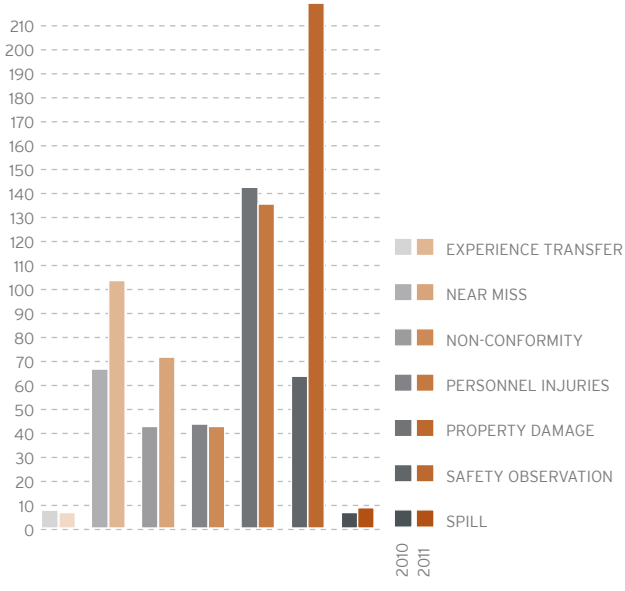
HEALTH

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

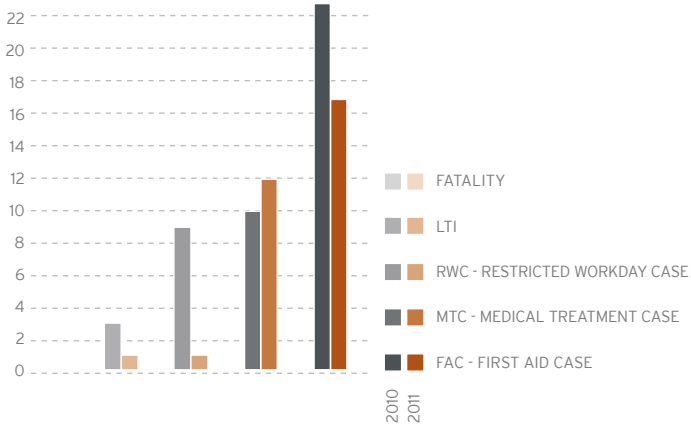
During 2011, one Lost Time Incidents (LTI), resulting in work absence, was registered. The incident is reported and analyzed with the purpose of establishing measures to prevent recurring incidents of the same nature. Experience Feedback to all vessels and offices are thus important. The group has distributed 189 External Bulletins based on occurrences and new regulations from external organisations.

Sick leave in 2010 amounted to 2.6 % in the land organisation and 3.1 % among offshore crew.

TOTAL REPORTS BY MAIN CATEGORY 2011



PERSONNEL ACCIDENTS/INJURIES 2011



ENVIRONMENT

The Company addresses proactively environmental issues with improvements. It is decided to comply with ISO 14001 environmental standards. We have completed a GAP analyse by DNV and final ISO 14001 certification office part is scheduled to January 2012.

The Company has during 2011 reviewed policies and established 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 2011 GC Rieber Shipping completed three new vessels and put them into operation. The new vessels have equipment built to the latest requirements for treatment and discharge. In particular, these measures have shown a good effect on new engines. In addition to the mandatory requirements, GC Rieber Shipping also invested in a cleaning package for the exhaust of the two most recent IMR / CSV vessels "Polar King" and "Polar Queen". These vessels have installed a catalyst system (SCR) to reduce NOx emissions.

For Polar King that went into operation in the North Sea at spring 2011, the actual NOx emissions have been reduced from 94.813 kg to 48.399 kg. This equals a reduction of 46.415 kg NOx from the time the catalyst system was put into operation on 5 May until 1 December this year. Also in December the NOx emission was reduced accordingly.

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. It is a requirement that employes shall be familiar with equipment and systems before operation.

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

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.

ISO 9001 certification and a GAP analyse is completed by class during 2011. The certification process for ISO 9001 will continue after finalising of the ISO 14001 certification.

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.

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".

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.


AL73

CORPORATE GOVERNANCE

/ CORPORATE GOVERNANCE IN GC RIEBER SHIPPING

Corporate governance is primarily a question of sound business management with respect to the owners, the board of directors and the management of a company, and concerns mainly ownership management and making the boards of directors responsible to the shareholders. In a somewhat broader sense, corporate governance also deals with parties other than the owners, such as employees, creditors, local communities and other parties with which the companies have a relationship.

The Norwegian Accounting Act includes provisions on corporate governance at Section 3-3b which impose a duty on the company to issue an annual report on its principles and practice for corporate governance. These provisions also stipulate 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 the recommendations of the Code of Practice or explain why it has chosen an alternative approach to specific recommendations.

The Oslo Stock Exchange (Oslo Børs) requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code of Practice in force at the time. The rules on the 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 21 October 2010 and amended on 20 October 2011. The Code of Practice is available on www.nues.no. The company provides a report on its principles for corporate governance in its annual report, and this information is also available on its website at www.gcrieber-shipping.no. The group follows all the recommendations of the Code of Practice, and it does not deviate from the recommendations in any material respect. In case of any deviations, these have been explained.

REPORTING ON THE CODE OF PRACTICE

The duty of the board of directors is to ensure that the company implements sound corporate governance. If the company is not in full compliance with the Norwegian code of practice, then the deviations will be explained in this report on corporate governance.

Basic corporate values, ethical guidelines and guidelines for Corporate Social Responsibility have been established for the GC Rieber Group; GC Rieber Shipping follows the Group's guidelines in this connection. The GC Rieber Group joined UN Global Compact in 2010 and the companies in the Group follow this initiative.

BUSINESS

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high quality marine ship management, project development and industrial portfolio management 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 18 advanced special purpose vessels for defined markets within defined markets, of which 12 are owned by the company. This includes GC Rieber Shipping's ownership in Armada Seismic.

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

EQUITY AND DIVIDENDS

The company's book equity as at 31 December 2011 was NOK 1,914 mill. , corresponding to a book equity ratio of 50 %.

The company seeks to maintain financial strength and liquidity at a level that is appropriate to its goals, strategy and risk profile. The company's objective is to pay a dividend annually and provide shareholders with a stable and competitive return on their invested capital through dividends and share price appreciation. In assessing dividend proposals, the board of directors will review the company's dividend capacity, capital structure and financial strength for further growth.

Authorisations granted to the board of directors to increase the company's share capital shall normally be restricted to defined purposes. At the general meeting on 13 April 2011 the board of directors was granted a mandate to buy back shares up to a total nominal value of NOK 7,886,304.-, corresponding to 10 % of the company's share capital. Both the company and its subsidiaries can buy shares in the company. The board of directors may purchase and sell shares as it sees fit. The company shall pay a minimum of NOK 15.00 and a maximum of NOK 60.00 for each share purchased as a result of this authorisation.

The nominal value and minimum and maximum prices shall change accordingly in the event of a change to the company's share capital by way of a bonus issue, share split, share consolidation or similar. This authorisation is valid for 14 months from 13 April 2011.

The validity of 14 months for the authorisation marks a deviation from the NCGB recommendation (maximum 12 months). The reason for this deviation is the company's intention to let the authorisation be valid until next ordinary general meeting, and the date for the general meeting in 2012 was not fixed at the time when the authorisation was passed. The company has not used this authorisation and owns 150,800 own shares, which corresponds to 0.34% of all outstanding shares. The general meeting has not passed any other authorisations.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The shareholders can exercise their rights primarily through participation and voting at the general meeting. Shareholders shall be ensured of participation at the general meeting without any unnecessary expenses. There are no voting right restrictions. The company attaches importance to the equal treatment of shareholders.

Any transactions by the company involving the company's own shares are carried out over the stock exchange or by other means at market price. Any services that are purchased from the main shareholder are purchased at market price.

In a situation where an increase in share capital is to be carried out which involves waiver of the pre-emption rights of existing shareholders, and the board of directors resolves to carry out such an increase on the basis of a mandate granted by the general meeting, then the board of directors will explain the justification for waiving the pre-emption rights in the stock exchange announcement.

FREELY NEGOTIABLE SHARES

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

GENERAL MEETING

The general meeting will normally be held in late March or early April at the company's offices. Notices of general meetings will contain a thorough description of any items on the agenda and will give at least 21 days' notice. The notice will be available on the company's website in parallel.

The notice provides instructions for voting by proxy (including use of proxy forms), and informs about the shareholders' right to submit proposals to be considered by the general meeting, as well as the website where the notice and other supporting information will be available. The proxy form will facilitate separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election. The company will nominate a person to vote as proxy for shareholders.

The registration deadline will be as close to the meeting date as possible. Shareholders who cannot participate in person may vote by proxy. The board of directors and auditor are present at the general meeting.

NOMINATION COMMITTEE

The 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.

THE BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The company has no corporate assembly. This is not required since none of the companies within the GC Rieber Shipping Group has more than 200 employees.

Pursuant to the company's articles of association, the board of directors shall consist of at least five and no more than seven members and be elected by the general meeting for a term of two years. The chairman and vice-chairman of the board of directors shall be elected by the general meeting. The Chief Executive Officer is not a member of the board of directors. The board of directors currently consists of five members and the female representation is 40 %. The board of directors is proposed 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 board members competence, background and shareholding in the company are available on the company's website www.gcrieber-shipping.no. The board of directors shall safeguard the interests of the shareholders. Four out of five board members do not have direct or indirect ownership interests in the company.

THE WORK OF THE BOARD OF DIRECTORS

The board of directors has established instructions for the board of directors and the executive management with emphasis on internal responsibility and task division. The board of directors follows an annual plan for its work and performs an annual self-assessment. The management, cf. job description, will have at least one annual appraisal interview with the chairman of the board of directors.

The board of directors will normally hold eight board meetings per year; in February, March/April, May, June, August, September, October and December. The board meetings in

February, May, August and October review the quarterly and annual accounts. The board meeting in June settles the salary and other compensation for the Chief Executive Officer. The general meeting is held in connection with the board meeting in March/April. In addition, a separate strategy conference is arranged in the autumn. In 2011, 13 board meetings were held, compared with 14 meetings in 2010, of which 6 of the board meetings were by telephone. Attendance at board meetings in 2011 was 88 %, compared with 97 % in 2010.

The board of directors has from the fiscal year 2009 established and appointed an audit committee with the purpose of supervising the group's internal control systems, providing quality assurance of the financial reporting and ensuring that the auditor is independent. The audit committee has one member who is independent of the company's business activities and principal 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 about the work of the external auditor and the results of this work.

RISK MANAGEMENT AND INTERNAL CONTROL

The work of the board of directors seeks to ensure that the company has sound internal control and systems for risk management and reporting that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems also encompass the company's corporate values, ethical guidelines and guidelines for social corporate responsibility. The follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, the process owners' monitoring and the auditor's independent testing. Deviations and improvement opportunities are followed up and corrective measures implemented. Financial risk is managed by a central unit at head office, and, where appropriate, consideration is given to the use of financial hedging instruments. Internal control and risk management of internal operating companies is carried out according to existing regulations.

The audit committee has the overall responsibility for the company's procedures for internal control related to financial reporting. Accounting principles, use of estimates and other relevant topics are discussed regularly in meetings between the audit committee, the auditors and the administration.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The company's board of directors received a total remuneration of NOK 814,000 in 2011. The remuneration for each board member in 2011 is given in note 3 to the parent company's Financial Statement. The remuneration to the board of directors is proposed by the largest shareholder and is approved by the general meeting.

Irene Waage Basili entered the position as Chief Executive Officer (CEO) in March 2011. Consequently, acting Chief Executive Officer, Hans Petter Klohs returned to his permanent position as CFO. CEO Basili received in 2011 a salary of NOK 1,221,000, as well as other compensation of NOK 9,000. The acting CEO and CFO, Klohs, received a salary of NOK 1,564,000, and other compensation of NOK 20,000. The pension premium for the CEO and acting CEO amounted to NOK 84,000 and NOK 127,000 respectively in 2011. Guidelines for remuneration of the executive management are given in note 3 to the parent company's Financial Statement.

The fee paid to the board of directors and the remuneration of the executive management is determined based on a total evaluation, where the level of similar or corresponding companies, responsibility and required time spending on the appointments are evaluated. There is a termination payment agreement of one year if the company terminates the managing director`s employment contract before agreed age of retirement is reached. No agreements have been entered into with the board chairman with regard to special payments upon the termination or change of their employment or appointment. There are no option schemes in the GC Rieber Shipping, but the company has a scheme for sale of the company's own shares to employees, where legal tax discount is utilised.

INFORMATION AND COMMUNICATION

In its information work and reporting of financial information the company seeks to treat all the participants in the securities market equally. A financial calendar for the company's interim reports will be published annually. The company will announce the date of the annual general meeting and proposed dividend in the 4th quarter report. Open presentations via webcast will be arranged in connection with the posting of interim results.

The information submitted to Oslo Børs will in parallel, and without delay, be posted on the company's website.

The company applies caution in its contact with shareholders and financial analysts. The company's principles in providing information to individual participants follow from the Securities Trading Act, the Norwegian Accounting Act, as well as stock exchange regulations.

TAKEOVER

The board of directors will not seek to hinder or obstruct any takeover bids for the company's business activities or shares. In the event of a bid for the company's shares, the company's board of directors will not exercise authorisations 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 a 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.

AUDITOR

Ernst & Young has been the company's auditor since the general meeting in 2002.

The board of directors will at least once annually 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 together with the board of directors.

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

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

REPORT OF THE BOARD OF DIRECTORS

/ REPORT OF THE BOARD OF DIRECTORS FOR 2011

The growth in the oil service market continued in 2011, based on lasting high oil prices, increased budgets for exploration and extraction, gradual absorption of new capacity in the market as well as a decline in the contracting of additional newbuildings. The market is expected to improve further into 2012 and in the years to come.

Strategic and operational measures taken by GC Rieber Shipping in 2011 have been successful. In terms of profits there was a marked progress compared with the previous year, considering gains from the sale of vessels in 2010. Operating income went from NOK 561 million in 2010 to NOK 626 million in 2011. Operating profit before depreciation, write-downs and sales gains amounted to NOK 267 million, which constitutes an increase of over 50 % from the NOK 176 million in 2010.

The newbuilding programme was completed on schedule, and the company secured full employment for its entire fleet during the year. The contract portfolio is diversified both in terms of clients and expiration dates of contracts. Value chain companies continued to experience challenges in demanding markets but have take important steps to position themselves for the future.

The group's liquidity from operations is good, and a strong solidity provides additional financial flexibility. Motivated by the positive trends and outlook in the oil sector and the company's favourable position, GC Rieber Shipping will consider new investments based on its core competence when it comes to development, building, operation and ownership of specialized vessels for the offshore industry.

OPERATIONS AND STRATEGY

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

GC Rieber Shipping currently operates 18 advanced, multi-functional special purpose vessels within its defined markets, of which 12 are owned by the company. Included here is GC Rieber Shipping's stake in Armada Seismic.

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. Further information is available on the company's website www.gcrieber-shipping.no.

The group's solidity provides a considerable strategic capacity in the times ahead. 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. The basic principles in this strategy will be continued.

Areas of strategic focus ahead include:

- 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.

IMPORTANT ASPECTS OF 2011

An investment programme of approximately NOK 1.6 billion relating to the fleet renewal and rebalancing of the portfolio was largely completed in 2011. During the year three out of a total of four newbuildings for GC Rieber Shipping went into operations. The fourth newbuilding, the seismic vessel "Polar Duchess", was delivered in November. Scheduled modifications were carried out at the beginning of 2012, and the vessel is chartered from April 2012. The two seismic vessels "Polar Duke" and "Polar Duchess" are owned by GC Rieber Shipping's subsidiary Armada Seismic (65 % stake). Please refer to the section "Market development and segments" below for a more detailed account of the group's new vessels and contracts.

Other important changes in the company's operations in 2011:

- In March 2011 the building contract for the IMR newbuilding "H7040", which was under construction at the Batamec yard in Indonesia, was sold to a third party at cost price. Net cash effect from the disposal amounted to NOK 80 million for GC Rieber Shipping.
- In mid-April 2011 GC Rieber Shipping entered a three-year charter contract with the British Ministry of Defence

("MoD") for the vessel "Polarbjørn". The contract will expire in April 2014. As part of the contract with the MoD "Polarbjørn" was renamed "HMS Protector" and was included in the segment "Ice/Support" as per commencement of the contract.

- In April Reef Subsea AS, of which GC Rieber Shipping owns 50 %, sold its ownership stake in Bluestone Offshore Ltd. Reef Subsea's decision to sell out of the geotechnical market was driven by the company's decision to direct its strategy towards subsea services. Up until the end of 2011 the "Greatship Maya", a vessel operated by GC Rieber Shipping, was sub-chartered to Bluestone Offshore. The charter contract was not affected by the transaction until the planned expiration date.

The completion of the investment programme in 2011, as well as other restructuring measures, leaves GC Rieber Shipping at a very favourable position at year-end 2011. Combined with solid sales efforts that have secured full employment of the vessels, the company is now positioned for new investments. Throughout the year the 50 % owned company Reef Subsea has built up a strong position in the market, expected to yield a positive profit development from 2012. For Octio, the market development has been slower than expected, and the company has taken measures that may well prove to leave it in an interesting position for 2012.

Please refer to the section "Market development and segments" below for a more detailed account of the group's operational activities.

KEY FIGURES - PROFIT AND LOSS ACCOUNT

Figures in NOK million	31.12.2011	31.12.2010
Operating income	625.8	561.2
EBITDA	267.0	175.9
EBIT (1)	117.9	246.3
Net financial items	-8.5	-38.2
Profit before tax	109.4	208.2
Taxes	5.4	-61.2
Net profit	114.8	147.0
Non-controlling interests' share	-3.6	1.7
Profit for the period	111.2	148.7
Normalised profit before taxes (2)	138.9	3.8

(1) EBIT for 2010 includes a sales of NOK 272 million from the disposal of the vessel "Polar Queen".

(2) Profit before taxes adjusted for unrealised currency gails/losses, sales gains and write-downs (including write-downs in associated companies)

In the following comments, comparative figures as at 31 December 2010 are given in parentheses.

PROFIT AND LOSS

The group's charter income and other operating income in 2011 amounted to NOK 625.8 million (NOK 561.2 million), operating profit before depreciation, write-downs and gains on sale of fixed assets (EBITDA) amounted to NOK 267.0 million (NOK 175.9 million), while the operating profit (EBIT) amounted to NOK 117.9 million (NOK 246.3 million). Operating profit in 2010 was influenced positively by a sales gain of NOK 272.4 million from the sale of the "Polar Queen" (now "Seven Mar") to Acergy in June 2010. Furthermore the operating profit is affected negatively by write-downs amounting to NOK 92.7 million.

Net financial items were NOK -8.5 million (NOK -38.2 million). The group's profit before tax in 2011 was NOK 109,4 million (NOK 208,2 million).

Net profit for the group amounted to NOK 114.8 million (NOK 147.0 million), and the non-controlling share in the profit amounted to NOK -3.6 million (NOK 1.7 million). Profits for 2010 include a discounted tax expense of NOK 52 million, due to the fact that the group's Norwegian tonnage taxed companies adopted to transfer to the settlement regime.

Earnings and diluted earnings per outstanding share amounted to NOK 2.55 (NOK 3.41).

The financial statements 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.

CASH FLOW

Cash flow from operating activities in 2011 amounted to NOK 271.9 million (NOK 156.1 million), cash flow from investment activities was NOK -902.8 million (NOK -307.2 million), while cash flow from financing activities totalled NOK 557.4 million (NOK 321.7 million). Cash flow from investments is mainly concerned with completion of the newbuilding programme. For the same reason long-term loans were drawn.

ASSETS, EQUITY, DEBT AND LIQUID ASSETS

The group's total assets as at 31 December 2011 amounted to NOK 3,860.9 million (NOK 3,163.2 million) while total assets in GC Rieber Shipping ASA amounted to NOK 840.4 million (NOK 1,204.1 million).

At the end of 2011 the balance sheet value of the company's vessels was NOK 2,734.3 million (NOK 1,325.7 million). This comes as a result of the three new vessels delivered to the company. For further information please refer to note 11 in the group's financial statements.

The group's booked equity as at 31 December 2011 was NOK 1,913.8 million (NOK 1,794.3 million) while booked equity for GC Rieber Shipping ASA was NOK 742.0 million (NOK 768.6 million) and includes NOK 603.6 million (NOK 633.7 million) in other (distributable) equity.

Average interest-bearing liabilities in 2011 amounted to NOK 1,399.7 million (NOK 1,081.8 million) and average interest rate on the loan portfolio was 4,28 % (4,42 %). The average interest rate level is essentially unchanged from 2010. With a 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 2018. For 2011 these agreements have led to an increase in interest expenses of NOK 6,1 million. The group has a long and stable financing structure. Lenders include recognized Norwegian and international shipping banks. During 2011 NOK 955 million in new loans have been drawn. Payment of long-term liabilities and available credit facility amounts to NOK 384 million. The group's liquid assets in terms of bank deposits and interest-bearing securities as at 31 December 2011 amounted to NOK 458.9 million (as at 31 December 2010: NOK 532.4 million). In addition the group had NOK 250.0 (NOK 50,0 million) available under a revolving credit facility as at 31 December 2011. The group's liquid assets are primarily held in NOK. In terms of liquidity management, investments are made in financial institutions with high financial status as well as interest-bearing securities with high liquidity and low credit risk.

The group had net interest-bearing liabilities (interest-bearing liabilities minus liquid assets) of NOK 1,268.6 million as at 31 December 2011 compared with net interest-bearing liabilities of NOK 609.2 million as at December 2010. GC Rieber Shipping ASA had net interest-bearing liabilities of NOK 67.1 million as at 31 December 2011 compared with net interest-bearing liabilities of NOK 405.8 million as at 31 December 2010.

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 negative development of NOK 26.9 million in 2011.

The GC Rieber Shipping group uses the Norwegian krone (NOK) as its presentation currency. Several of the subsidiaries have US dollar (USD) as their 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. Where subsidiaries have USD as their 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 the USD as their functional currency and hold liquid assets in NOK. These holdings are translated into USD at the exchange rate on the balance sheet date, and translation differences are carried against the statement of comprehensive income.

As at 31 December 2011 the group's equity has increased by NOK 47.1 million compared with 31 December 2010 due to translation differences in companies with USD as functional currency.

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

The USD/NOK exchange rate has developed as follows:

	2011	2010
Final exchange rate 31.12	5.99	5.86
Average exchange rate	5.61	6.04

Net financial items for 2011 include NOK -15.0 million in unrealised currency loss (2010: unrealised currency gain NOK 29.4 million).

RISK EXPOSURE AND 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 established to limit and reduce the total exposure to risk down to an acceptable level. The main risk factors can be categorized into market risks and financial risks.

The company's systems for internal control and risk management are further explained in the company's account of Corporate Governance.

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 ensuring the most suitable balance of long- and short-term contracts. Furthermore the contract portfolio is diversified both in terms of customers and expiration dates for contracts. The group also has an ongoing focus on cost effective operations and solutions to reduce exposure in periods of weaker markets.

FINANCIAL RISK

Financial risk can be further divided into credit risk, exchange rate risk, interest risk, liquidity risk and transaction 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. During the year, however, charter agreements have been entered for some vessels with new clients with a weaker capital base. On a general level it should also be noted that the after effects of the global financial crisis and strain on margins within the oil service market has left several companies with a more tense liquidity, leading in some cases to violations of payment obligations.

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. The main hedging instrument used by the group is forward contracts for the sale of USD against NOK and GBP against NOK.

The interest risk is related to the group's liquid assets (NOK 433.9 million as at 31 December 2011) which is mainly held in NOK as well as interest-bearing liabilities (NOK 1,727.2 million as at 31 December 2011) mainly held in USD. In terms of its liabilities, the group is mainly exposed to the development of the US interest rate and has entered into interest rate hedging agreements for parts of its interest-bearing liabilities until 2018. The group has a stable and long-term financing structure. Lenders include recognized Norwegian and international shipping banks.

The group's liquidity risk is limited. In terms of liquidity management, investments are made in financial institutions with high financial status as well as interest-bearing securities with high liquidity and low credit risk.

One part of the group's strategy is creating 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 DEVELOPMENTS AND SEGMENTS

THE MARKET IN GENERAL

As a supplier of services to oil service companies in connection with exploration and extraction activities in the oil and gas industry, 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 offshore activities, and consequently the most important single factor for the group's development ahead in addition to securing balance in its fleet capacity. Following a severe drop in the price of oil in connection with the global financial crisis in 2008, the oil price climbed steadily during 2010 and at the beginning of 2011 the price of Brent Blend stood at USD 94 per barrel. At year-end the price was USD 110 per barrel, with great fluctuations during the year, reaching almost USD 130 per barrel for a brief period. At the beginning of 2012 the price is on its way up, due to increasing political tension in the Middle East, causing uncertainty for the growth ahead. Expectations in the market in general are that the price will remain at a high level throughout the year, despite uncertainty and a somewhat dim outlook for growth in the world economy. Due to the increase in the price of oil, the large international oil companies expanded their exploration and extraction budgets by about 10 % in 2011, and an even stronger growth is predicted for 2012. This is positive for GC Rieber Shipping's market segments subsea, ice/support and marine seismic.

Following a few years of weak developments, the demand for shipping services within GC Rieber Shipping's segments showed an upward-moving trend in 2010. This trend continued into 2011, but the markets have not yet fully absorbed the new tonnage due to the contracting boom that took place before the outbreak of the global financial crisis in 2008. This has put a strain on the rates in the market and caused great fluctuations. A reduction in new contracts will provide a better balance in the market for shipping services within the group's segments, and the prospect of higher rates in GC Rieber Shipping's segments is positive for 2012.

In a longer perspective, however, market outlook within subsea, ice/support and seismic activities are regarded as strong, driven by a continued drop in oil production (depletion) and corresponding need to increase production in existing fields as well as a need for exploration and extraction of new petroleum resources.

CONTRACTS AND OPERATIONS

SUBSEA

In the course of 2011 demand started to pick up, but a continued addition of new tonnage caused the market to fluctuate and the rates to remain at a low level. New capacity is expected to be fully absorbed in the seabed market in 2012, with a corresponding growth in rates. Planned seabed pipe-laying activities and an increase in the number of remotely operated wells indicate a strong long-term growth in the market for subsea operations. In the short term activities outside Brazil and Mexico are particularly strong.

GC Rieber Shipping had two subsea vessels for delivery in 2011. The "Polar King" was delivered in April and immediately embarked on a charter contract for the Reef Subsea company Technocean. The "Polar Queen" was delivered in October,

embarking on a contract with the Mexican Oceanografia in mid-November. In addition to the two newbuildings the segment consists of the "Polar Prince", chartered to Reef Subsea, at the beginning of 2012. "HMS Protector" (formerly "Polarbjørn") was transferred to the Ice/Support segment as at April 2011 as part of a new contract with British Ministry of Defence ("MoD"). The "Greatship Maya" was sub-chartered to Fugro until December 2011, at which point the vessel was returned to its owner.

Operating income in 2011 amounted to NOK 255 million (2010: NOK 294 million). Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2011 amounted to NOK 90 million (2010: NOK 88.3 million). The vessels "Polar Prince", "Polar King" (from May), "Polar Queen" (from November), and the chartered vessel "Greatship Maya" have been employed in this segment with a capacity utilisation of 92 % (90 %).

REEF SUBSEA

The associated company Reef Subsea delivered a loss in 2011 of which GC Rieber Shipping's share is NOK -17.9 million. The company has however utilised the market situation in 2011 to carry out several strategic acquisitions and expand its capacity. At the beginning of the year the Scottish engineering company Specialist Subsea Services Ltd was acquired. Later, Rotech Subsea was acquired to strengthen activities in the North Sea basin. The company has also entered into charter agreements for several new vessels. In April GC Rieber Shipping's newbuilding "Polar King" embarked on a charter agreement for Technocean. In November Reef Subsea entered into an agreement with Neptune Subsea to charter two new construction vessels acquired in January 2012. As part of this agreement Reef Subsea made a parallel investment in a 25 % share in Neptune Subsea.

The company is well positioned for 2012, and profits are expected to improve during the year.

MARINE SEISMIC

TOWED SEISMIC OPERATIONS

The market for seismic operations regained strength during 2011 following a drop in activities due to the global financial crisis. The market grew by 14 % in 2011. Together with a reduction in the number of new vessels being constructed, this contributed to increased optimism and gradual improvement in the rates toward the year. Several seismic companies also increased their multi client activities, and at the same time production in the Gulf of Mexico reopened resulting in an improved market balance. For high capacity tonnage (3D) the demand was generally higher than for the market in general, due to the fact that new oil finds are less accessible as well as a stronger focus on increased oil recovery (IOR), ie. how to extract more from existing reservoirs. Outlook for 2012 indicate a continued growth in global demand, particularly driven by activities in the North Sea, Gulf of Mexico, Angola, Asia Pacific and Brazil.

Following the partial withdrawal from the seismic segment after the disposal of Arrow Seismic in 2007, GC Rieber Shipping started to rebuild its seismic fleet in 2009 by acquiring the "Geo Explorer" (2D vessel, now called "Polar Explorer") and the "Geo Atlantic" (3D), as well as the establishment of the subsidiary Armada Seismic in 2010. During 2011 Armada Seismic has taken delivery of two new high-end seismic vessels; "Polar Duke" and "Polar Duchess".

Since the autumn of 2010 GC Rieber Shipping has had client liaisons with the new seismic company Dolphin Geophysical. The company began a 12-month charter contract for the "Polar Explorer" in January 2011. The contract was renewed in the fourth quarter 2011 for a new year and will now expire in January 2013. The newbuildings "Polar Duke" and "Polar Duchess" are both chartered to the same company, from April 2011 (until 2016) and April 2012 (until 2015), respectively. Both contracts include charterers' extension options. The "Geo Atlantic" is chartered to Fugro until October 2013, with an option for extension until 2017.

SEABED SEISMIC

GC Rieber Shipping is involved seabed seismic activities through its subsidiary Octio. Octio has developed flexible concepts for seabed monitoring, from systems that can be employed at a single oil rig to systems that monitor entire oil fields. In the long perspective the demand for permanent solutions for reservoir monitoring (seabed seismic) is expected to increase, for environmental monitoring in particular and also for underwater CO2 storage. Environmental monitoring as well as the oil companies' focus on "Increased Oil Recovery" (IOR) are important market drivers for seabed seismic operations.

One of Octio's main activities in 2011 was a project financed by the Research Council of Norway and Statoil for a project aimed at testing a cost effective method for predicting geophysical changes that occur when water is injected during drilling operations. The results from this project are expected to be available in the first half of 2012. Octio also started on a project for CLIMIT to consider seabed seismic in the monitoring of CO2 storage. Octio has been actively pursuing commercial leads, with no definite contracts as a result so far.

SHIP MANAGEMENT AND PROJECT DEVELOPMENT/ BUILDING SUPERVISION

The group's ship management companies in Bergen, Sevenoaks (Great Britain) and Singapore have in 2011 managed 20 vessels, of which 12 have been owned or managed by the company and 8 have been on ship management contracts for other owners. In addition the organisations have been responsible for project planning and supervision for new buildings.

Operating income in the marine seismic segment in 2011 amounted to NOK 237.9 million, up from NOK 194.5 million in 2010. EBITDA was NOK 93.9 million, which is more than

twice as much compared to the NOK 38.4 million in 2010. Capacity utilization in the segment in 2011 was 97 % (73 % in 2010).

ICE/SUPPORT

The group owns and operates three vessels within the ice/support segment as well as two crew vessels. These are mainly on contracts with charterers carrying out research activities or operating in the Oil & Gas sector.

RESEARCH

Activities in the Antarctic are stable, driven by a continued dedication to commit to research relating to climate change and energy demands. The "Ernest Shackleton" is on a bareboat charter with the British Antarctic Survey until 2014, for operations in Antarctica. The research market is dependent on financing from public R&D programmes and thereby closely linked to national budget priorities. An increased focus on environmental and climate issues may change this in the future. The British Ministry of Defence ("MoD") chartered the "Polarbjørn" from April 2011, to be employed as a patrol vessel in the South Atlantic and support vessel for the British Antarctic Survey. The vessel was renamed "HMS Protector" and is chartered for a period of three years.

OIL & GAS

The activity within oil-related operations in icy waters has increased, but still remains in an initial phase where speed and growth rate is uncertain and characterised by strong political and environmental interests. Large-scale oil and gas exploration projects have been implemented in the Sea of Okhotsk on the Sakhalin field, while activities in Russian Arctic waters remain low. There is however a growing focus on the potential in the Arctic region, where approximately 20-25 % of the world's undiscovered oil resources are assumed to exist.

The "Polar Pevek" and the crew boats "Polar Piltun" and "Polar Baikal" are owned through a 50/50 joint venture with Primorsk Shipping Corporation, and are operated by the group's ship management company in Yuzhno-Sakhalinsk. 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 boats are chartered to the Sakhalin Energy Investment Corporation until 2013 and are employed in the Sakhalin II field.

The development in the American and Canadian Arctic areas is monitored. The authorities are planning new activities, but this will take time and it is likely that protectionist considerations will be made. In order to access this market, it may therefore be necessary to establish a local presence in the US and/or Canada.

The Ice/Support segment had operating income of NOK 133.2 million in 2011 (2010: NOK 72.8 million). Profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2011 amounted to NOK 83.4 million (2010: NOK 49.2 million). Capacity utilization in the segment in 2011 was 98 % (98 % in 2010).

ADMINISTRATION, EMPLOYEES AND EQUAL OPPORTUNITIES

At the end of 2011, the GC Rieber Shipping group, including subsidiaries, employed a total of 212 man-years, divided between 77 in the land organisations and 135 marine crew (added to which are 325 temporarily hired marine crew). Out of the permanently employed in the land organisation, 36 are employed at the head office and management company in Bergen (Norway), 18 are employed in the subsidiary Octio in Bergen (Norway), 16 are employed in the management company in Sevenoaks (Great Britain), 2 are employed in the management company in Singapore and 5 are employed in the management company in Yuzhno-Sakhalinsk (Russia). Based on a comprehensive evaluation a decision was made to wind up the Singapore office, and the process was initiated at the end of 2011. Officers' conferences and management training programmes have been part of the group's strategy for many years. These are venues where the sea and land organisations meet to share experiences. 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 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, greater adaptability and improved earnings in the long run. However, the number of qualified applicants for some of the group's vacant positions has been limited. Of a total of 184 permanent employees 15 % are women. The female representation is 0,9 % among marine crew and 34 % in the land organisation. The board consists of 3 men and 2 women, i.e. a 40 % female representation.

The board would like to extend its sincere gratitude to all employees for their dedicated contribution in the past year. The financial crisis and the following years have been strenuous times, putting both skills and spirit to the test. We are happy to announce that all in all, GC Rieber Shipping has emerged comfortably from these years.

HSEQ (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

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 HSEQ each year are stated in the form of KPI's ("Key Performance Indicators The HSEQ 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 KPI's, and these are revised according to the demands and challenges that the group faces both internally and externally.

One single lost time incident was registered in 2011. This incident was a cut injury that occurred during mooring. The incident was reported and analysed with the purpose of establishing measures to prevent similar incidents from occurring. Transfers of experience to all vessels and officers is thus important, and in 2011 a total of 189 relevant Experience Transfers were issued, based on incidents taking place on the group's own vessels.

The vessel "Polar Pevek" was in 2011 the scene of a tragic incident where the lives of two crew members were lost. The incident was not related to the vessel's operation, but in keeping with established safety procedures an internal investigation of the events was carried out. The investigation did not uncover circumstances on the part of the company that may have prevented the incident.

Sick leave in 2011 was 2.6 % in the land organisations and 3.1 % 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 operates in compliance with the ISO-14001 standard. The certification process started in the middle of 2011 and was completed at the end of January 2012. Newbuildings are constructed in compliance with environmental regulations

The group's policy reflects the Norwegian Shipowners' Association's vision of zero emission into the sea and air. A new environmental programme for monitoring emissions into the air has been developed. The company's new vessels are built according to new stringent environmental requirements, which includes fitting of a catalysis system (SCR) to reduce Nox emissions.

SAFETY

Safety has a very high priority in the group. 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 (UNISEA). Furthermore internal training in the management system for safety has been implemented, and in 2011 four trainings sessions for crew were held, both at the company's main office in Bergen and in Manila.

Safety includes 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

The company's common procedural database for quality control contributes to the reduction in findings from classification societies and Port State. The company uses AMOS as its tool for maintenance management. 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 public regulations and internal 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 the necessary competence to operate vessels and equipment beyond the requirements in the set of rules. The group runs a high quality fleet, with stable operations and limited technical downtime periods during 2011.

SHAREHOLDER INFORMATION

During 2011 the group's shares have been traded between NOK 20.00 and NOK 37.50. The last price recorded in 2011 was NOK 28.00. At the general meeting on 13 April 2011, the board was authorised to purchase own shares at a total price of NOK 7,886,304 – corresponding to 10 % of the group's share capital. Both the group and its subsidiaries may acquire shares in the company. The board is free to decide on ways to dispose of and acquire own shares. The company shall pay a minimum of NOK 15 and a no more than NOK 60 per share acquired as part of this authorisation. If the company's share capital is changed by capitalization issues, stock splits, reverse stock splits or similar, the total face value, minimum and maximum price shall be adjusted correspondingly. The authorisation is valid for 14 months from 13 April 2011. The authorisation has not been exercised. The company holds 150,800 own shares, corresponding to 0.34 % of the total number of shares.

Negotiations about a possible merger between GC Rieber Shipping ASA and GC Rieber AS (largest shareholder with 52.9 % of the shares when negotiations were started) were resumed in June 2011. GC Rieber decided to discontinue the negotiations and presented a cash offer of NOK 31 per share to the remaining shareholders in GC Rieber Shipping in August. When the date of acceptance expired, GC Rieber had received acceptance for 6,867,686 shares. As at 31 December 2011 GC Rieber's stake was 70.7 %.

The board has proposed for the general meeting to pay a dividend of NOK 0.50 per share, which is the same as for last year.

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 accordance with The Norwegian Code of Practice for Corporate Governance (cf. most recent edition dated 21 October 2010).

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

ALLOCATION OF PROFITS

The Board proposes that the loss for the year in the parent company of NOK 4,712,000 is allocated as follows:

Allocated for dividends:	NOK 21,831,000
Transferred from other equity:	NOK 26,543,000
Total allocated:	NOK 4,712,000

OUTLOOK

At the beginning of 2012 the outlook for the global financial situation has improved somewhat from 2011. Emerging economies, particularly in Asia, are still showing solid growth. In addition optimism is gradually increasing in the US. Europe is still characterised by uncertainties surrounding the debt crisis in the EU and a lack of growth. Oil prices remain high, partly due to unrest in the Arabic world and a continued high demand. The large international oil companies have increased their budgets, particularly where exploration activities are concerned. The growth in demand within GC Rieber Shipping's market segments is therefore good. The group has secured a solid and balanced contract coverage and is well prepared for the coming years.

There is a pronounced increase in market activities within the seismic segment at the beginning of 2012, and the group considers the outlook for this market to be good. Demand in the subsea market is increasing, among other things due to major activities outside Brazil and Mexico. GC Rieber Shipping Rieber Shipping expects this to have a positive effect on the group's results for this segment in 2012. Within the ice segment, a growing demand is expected in connection with increased oil extraction in Russia and in other arctic waters. No changes are expected within the market for ice-going expeditions to Antarctica.

At the beginning of 2012 GC Rieber Shipping is firmly positioned for the future. The company's fleet is fully employed on contracts with a balanced duration and risk. This provides security for running income and an opportunity to take part in the anticipated financial recovery in the years to come. The group has a solid liquidity from operations, and at the same time a strong solidity provides financial flexibility. The group's fleet consists of multifunctional vessels that can operate across the company's segments. This flexibility is expected to be of great importance also in the future.

Motivated by the positive outlook for the oil sector, GC Rieber Shipping will consider new investments based on the group's core competence.

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 2011 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 2011, 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, 14 March 2012
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Trygve Arnesen
Vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

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	2011	2010
OPERATING INCOME			
Charter income		537 643	491 440
Other operating income		88 144	69 786
Total operating income		625 787	561 226
OPERATING EXPENSES			
Voyage expenses		-3 623	-6 747
Vessel operating expenses		-105 222	-108 439
Crew and catering expenses	7	-126 743	-160 899
Administration expenses	7, 20, 21	-123 185	-109 216
Total operating expenses		-358 772	-385 301
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**267 015**	**175 925**
Depreciation	11	-147 517	-130 417
Write-down	11, 12	-2 571	-92 742
Gains (losses) on sale of fixed assets	11	969	293 548
Operating profit		117 897	246 313
FINANCIAL INCOME AND EXPENSES			
Income (loss) from investing in associated company	5	-17 944	-34 938
Financial income	22	23 105	10 370
Financial expenses	22	-54 983	-45 577
Changes in market value of financial current assets	15, 22	3 555	23
Realized currency gains (losses)	22	52 770	2 593
Unrealized currency gains (losses)	22	-15 014	29 376
Net financial income and expenses		*-8 511*	*-38 153*
Profit before taxes		**109 386**	**208 159**
Taxes	8	5 375	-61 188
PROFIT FOR THE YEAR		**114 761**	**146 971**
Non-controlling interests		-3 611	1 735
Profit after non-controlling interests		**111 150**	**148 707**
Earnings and diluted earnings per share	9	2,55	3,41

STATEMENT OF COMPREHENSIVE INCOME (NOK 1000)

Profit for the year	114 761	146 972
Other comprehensive income:		
Foreign currency translation subsidiaries	26 482	-43 261
Changes in pension estimates	4 472	2 211
Tax effect changes in pension estimate	-1 252	-823
Adjustment to associated company	17 404	0
Comprehensive income for the year	**161 867**	**105 099**
Non-controlling interests	-3 611	1 735
Comprehensive income for the year after non-controlling share	**158 257**	**106 835**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2011	31.12.2010
ASSETS			
FIXED ASSETS			
Intangible assets	12	6 736	43 447
Deferred tax asset	8	67 777	56 395
Goodwill	12	13 334	13 030
Total intangible fixed assets		*87 847*	*112 872*
Vessels	11	2 734 257	1 325 708
Newbuilding contracts	11	0	806 980
Machinery and equipment	11	63 915	93 359
Total tangible fixed assets		*2 798 172*	*2 226 047*
Investments in associated companies	5	176 062	70 063
Long-term loan to associated companies	5	0	30 000
Other long-term receivables	20	165 432	8
Total financial fixed assets		*341 494*	*100 070*
Total fixed assets		**3 227 513**	**2 438 990**
CURRENT ASSETS			
Inventory	13	7 623	7 758
Total Inventory		*7 623*	*7 758*
Accounts receivables	14	100 221	93 659
Other current assets	14	66 610	90 412
Total short-term receivables		*166 832*	*184 071*
Quoted financial investments	15	25 043	0
Total investments		*25 043*	*0*
Cash and bank deposits	*16*	*433 908*	*532 395*
Total current assets		**633 405**	**724 225**
TOTAL ASSETS		**3 860 918**	**3 163 214**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2011	31.12.2010
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		1 615 298	1 503 883
Total retained earnings		*1 615 298*	*1 503 883*
Non-controlling interests		203 277	195 213
Total equity		**1 913 770**	**1 794 292**
LIABILITIES			
Pension liabilities	19	35 748	31 632
Taxes payable	8	17 168	33 518
Total provisions		*52 916*	*65 150*
Liabilities to financial institutions	18	1 539 941	792 079
Other long-term liabilities		4 700	3 346
Total other long-term liabilities		*1 544 641*	*795 426*
Liabilities to financial institutions	18	187 292	344 439
Accounts payable		54 136	59 817
Taxes payable	8	26 190	41 635
Public duties payable		19 553	17 176
Intragroup liabilities	21	1 639	1 542
Other current liabilities		60 781	43 739
Total current liabilities		*349 591*	*508 347*
Total liabilities		**1 947 148**	**1 368 922**
TOTAL EQUITY AND LIABILITIES		**3 860 918**	**3 163 214**

Bergen, 14 March 2012
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Trygve Arnesen
Vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

Irene Waage Basili
CEO

/ STATEMENT OF CASH FLOW
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	109 386	208 160
Taxes paid	-33 850	-9 473
Depreciation	147 517	130 417
Write-downs of fixed assets	2 571	92 742
Gains on sale of fixed assets	-969	-272 955
Gains on sale of disposal of subsidiary	0	-20 593
Loss from investing in associated company	18 363	34 938
Unrealized currency losses (gains)	-967	-38 008
Change in inventories	136	4 182
Change in accounts receivables	17 239	30 037
Change in current liabilities	13 835	-79
Change in other current assets and other liabilities	-1 365	-3 269
Net cash flow from operating activities	**271 896**	**156 098**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments from sale of financial fixed assets	89 798	566 227
Payments for investments in fixed assets	-759 966	-808 455
Payments for investments in financial fixed assets	-232 584	-65 000
Net cash flow from investment activities	**-902 753**	**-307 228**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from new long-term liabilities	989 147	511 476
Payment of instalments on long-term liabilities	-209 902	-350 108
Payment for purchase of own shares	0	697
Capital increase	0	156 100
Change in short term liabilities to financial institutions	-200 000	16 642
Dividend payment	-21 831	-13 099
Net cash flow from financing activities	**557 413**	**321 709**
Net change in bank deposits, cash and quoted financial investments	-73 443	170 580
Bank deposits, cash and quoted financial investments at 01.01.	532 395	361 816
Bank deposits, cash and quoted financial investments at 31.12.	**458 951**	**532 395**

/ 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 2010	78 863	-323	16 604	-121 343	1 525 690	45 534	1 545 026
Profit for the year	0	0	0	0	148 707	-1 735	146 972
Other comprehensive income	0	0	0	-43 261	1 388	0	-41 873
Total comprehensive income	*0*	*0*	*0*	*-43 261*	*150 095*	*-1 735*	*105 099*
Addition of equity	0	0	0	0	-3 644	162 056	158 412
Decrease in equity from disposal of subsidiary	0	0	0	0	8 799	-7 978	821
Other changes	0	0	0	0	0	-2 664	-2 664
Sale of own shares	0	51	0	0	645	0	697
Dividends to the shareholders	0	0	0	0	-13 099	0	-13 099
Balance at 31 December 2010	**78 863**	**-271**	**16 604**	**-164 604**	**1 668 487**	**195 213**	**1 794 292**
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 comprehensive income	*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**

/ 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, project development and industrial portfolio management within the segments subsea, ice/support, as well as 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 eighteen advanced special purpose vessels for defined markets within the subsea, ice/support and marine seismic segments of which twelve are owned by the Company. This includes GC Rieber Shipping's stake in Armada Seismic.

The company has it's headquarter in Bergen with ship management companies in Sevenoaks (England) and Yuzhno-Sakhalinsk (Russia), which provides international presence. 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 14 March 2012.

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 31.12.11.

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 2012 or later periods, but have not been adopted early by the Group:

Changes to IFRS 7 *Financial instruments: Disclosures*

The change regards the disclosures in connection with a transfer of financial assets in which the transferor has some continuing involvement. The changes seek to give the users of the financial statements a better understanding of the risk exposures related to the transfers of financial assets. The changes are set to take effect from 1 July 2011, but have yet to be approved by the EU.

The Group expects to apply the standard from 1 January 2012 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

Amendments to IFRS 7 *Financial instruments: Disclosures*

The amendments require entities to provide certain quantitative disclosures regarding offsetting of financial assets and liabilities. The disclosure requirements apply to all recognised financial instruments that are set off in accordance with IAS 32. The changes will be effective for accounting periods beginning on or after 1 January 2013, but have yet to be approved by the EU. Early adoption is permitted given that the EU approves the changes. The Group expects to apply the standard from 1 January 2013 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

Amendments to IFRS 9 *Financial instruments*

IFRS 9 will replace the principles of classification and measurement stated in IAS 39. The IASB has undertaken the project to replace IAS 39 in several phases. The first phase of the project, which addresses the classification and measurement of financial instruments, has been completed by the IASB. According to IFRS 9, financial assets which are regulated by ordinary commercial terms are to be recognised at amortised cost in the financial statements, unless a decision to recognise them at fair value is made. Other financial assets shall be recognised at fair value in the financial statements. The principles regarding classification and measurement of financial liabilities in IAS 39 sustain, with the exception for financial liabilities which are recognised at fair value and for which the changes in value are accounted for in the profit and loss statement and for which the changes in value as a consequence of the company's own credit risk is separated and recognised as other income and other expenses. IFRS 9 will be effective for accounting periods beginning on or after 1 January 2015, but has yet to be approved by the EU. Early adoption is permitted given that the EU approves the new standard. The Group expects to apply IFRS 9 from 1 January 2015 onwards.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 will replace the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements, as well as SIC-12 Consolidation – Special Purpose Entities. IFRS 10 is based on a simple control model that is to be applicable to all entities. 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 to variable returns from the investee, and the ability to use that power to affect its returns from the investee. IFRS 10 will be effective for accounting periods beginning on or after 1 January 2013, but has yet to be approved by the EU. Early adoption is permitted given that the EU approves the new standard. The Group expects to apply IFRS 10 from 1 January 2013 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

IFRS 11 *Joint Arrangements*

This standard replaces IAS 31 Interests in Joint Ventures, as well as SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 applies to joint arrangements, and provides guidelines on how to account for two different types of joint arrangements – joint operations and joint ventures. According to IFRS 11, joint ventures are to be accounted for using the equity method. For joint operations, each party is to recognise its share of jointly held assets and liabilities. Assets and liabilities that are wholly owned by one part alone shall be recognised in full. Revenues and expenses from a joint operation are to be recognised in relation to the joint operator's interest in the joint operation. IFRS 11 will be effective for accounting periods beginning on or after 1 January 2013, but has yet to be approved by the EU. Early adoption is permitted given that the EU approves the new standard. The Group expects to apply IFRS 10 from 1 January 2013 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 is applicable for entities with interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities. IFRS 12 replaces the disclosure requirements in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates, and IAS 31 Interests in Joint Ventures. In addition, several new disclosure requirements are introduced. IFRS 12 is effective for annual periods beginning on or after 1 January 2013, but the standard has yet to be approved by the EU. Early adoption is permitted given that the EU approves the standard. The Group expects to apply IFRS 12 as of 1 January 2013. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

IFRS 13 *Fair Value Measurement*

The standard sets out principles and guidance for measuring fair value of assets and liabilities when fair value is required or permitted by other standards. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, but the standard has yet to be approved by the EU. Early adoption is permitted given that the EU approves the standard. The group expects to apply IFRS 13 as of 1 January 2013. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

Amendments to IAS 1 *Presentation of Financial Items*

The amendments to IAS 1 require entities to group items presented within Other Comprehensive Income based on whether or not they may be subsequently reclassified to profit or loss. The changes will be effective for accounting periods beginning on or after 1 July 2012, but have yet to be approved by the EU. Early adoption is permitted given that the EU approves the changes. The Group expects to apply the standard from 1 January 2013 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

Amendments to IAS 19 *Employee Benefits*

After the amendments made in 2011, IAS 19 no longer permits the use of the corridor method to recognise actuarial gains and losses. Changes in estimates of post-employment benefit obligations are now to be presented in other comprehensive income (OCI) in the period they occur. Furthermore, the amendment sets out that the employee benefit costs are to be separated between profit and loss and other income and expenses. Expected returns on plan assets are to be calculated using the discount rate used to measure the pension obligation. The current service cost and the net interest cost are to be presented in profit and loss, while 'remeasurements' such as changes in estimates are to be presented in other income and expenses in the statement of comprehensive income. Furthermore, the disclosure requirements related to defined benefit plans have been changed. The amendments are effective for annual periods beginning on or after 1 January 2013, but the standard has yet to be approved by the EU. Early adoption is permitted given that the EU approves the standard. The Group expects to apply the amended standard as of 1 January 2013. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

Amendments to IAS 27 (Revised) *Separate Financial Statements*

As a result of the issue of IFRS 10 and IFRS 12, IAS 27 has been revised in order to coordinate it with the new accounting standards. IFRS 10 Consolidated Financial Statements replaces the parts of IAS 27 that deal with consolidated financial statements. IAS 27 now only applies to separate financial statements , and will therefore no longer be relevant to the consolidated financial statements once the changes take effect. The changes will be effective for accounting periods beginning on or after 1 January 2013, but have yet to be approved by the EU. Early adoption is permitted given that the EU approves the changes. The Group expects to apply the standard from 1 January 2013 onwards. The Group does not expect the application of the amended standard to have a material influence on the presentation of its financial statements.

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

The revised IAS 28 has been expanded to include investments in joint ventures. The standard describes accounting principles for investments in associates and joint ventures, and prescribes how the equity method is to be applied. The amendments will be effective for accounting periods beginning on or after 1 January 2013, but have yet to be approved by the EU. Early adoption is permitted given that the EU approves the changes. The Group expects to apply the standard from 1 January 2013 onwards. The amendments will entail that the Group's share of assets, liabilities, revenues and expenses related to investments in jointly controlled entities no longer will be included line by line 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 entities 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 jointly controlled entity, and the Group's share of profit or loss will be recognised in the income statement.

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 cash transactions and from the translation at year-end

exchange rates of monetary assets and liabilities denominated in foreign currencies 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 will be translated at the exchange rate in effect at the balance sheet date, non-monetary items will be translated at the historical exchange rate in effect on the date of the transaction, and non-monetary items that are assessed at fair value will be 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 per cent 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, have been 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 % 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 will be 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 will be assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. This applies correspondingly 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 will be recognised in the profit and loss statement.

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 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 will be 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, on the same basis as the rental amount.

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 where the Group does not transfer substantially all the risk and benefits of ownership of the assets 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 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 enters 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, or 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 2011.

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 issuance 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.

Company's 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 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, together with the length of employment in the Group, are factors which normally influences 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 recorded directly in equity.

The pension obligation is calculated as the present value of future cash flows. The discount rate is equal to the interest rate on a 10 year government bond with an additional margin of 0.5 % in order to adjust for the maturity. 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 wage costs 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 the date of each balance sheet 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. Moreover, 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) on 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 translated 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 % taxation in the past. Temporary differences regarding financial items are offset when calculating the deferred assets/liabilities, amounting to 28 % 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.

The 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; research projects in polar waters, offshore subsea support 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 entail 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), the assessment of goodwill and R&D (note 2.12 and note 12) and other impairment assessments. 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 they 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 ASA	Norway	Polar Ship Invest IV AS	65 %
Armada Seismic Invest I AS	Norway	Armada Seismic ASA	97 %
Armada Seismic Invest II AS	Norway	Armada Seismic ASA	100 %
Armada Explorer AS	Norway	Armada Seismic ASA	100 %
Octio AS	Norway	GC Rieber Shipping ASA	61 %

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	Crewboat	50 %

Joint ventures are accounted for by applying proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises only the portion of gains or losses attributable to the stake of other venturers in the case of sale of assets from the Group to the joint ventures. The Group does not recognise its share of profits or losses from the joint venture which originates from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, an impairment loss.

The Group has a 50 % 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 % 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:

	2011	2010
Assets		
Current assets	19 056	20 550
Fixed assets	185 362	188 932
Liabilities		
Current liabilities	22 876	28 259
Non-current liabilities	86 911	96 684
Net assets (share of equity)	94 631	84 539
Operating income	43 965	46 953
Operating expenses	-28 715	-31 454
Net financial items	-8 751	-9 361
Net profit	6 499	6 138

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 has a 50 % ownership in Reef Subsea AS. In connection with the initial formation of Reef Subsea, 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, GC Rieber Shipping has contributed an additional NOK 85 million in equity, and converted outstanding loans in the amount of NOK 43 million to equity.

Interest in associated company	2011	2010
Carrying amount as at 01.01.	70 063	9 319
+ Addition during the year (acquisitions)	128 035	35 000
+ Non-cash share capital contributions	-	70 000
- Disposals during the year (according to the "equity method")	-22 035	-34 938
- Disposals during the year	-	-9 319
Carrying amount as at 31.12	**176 062**	**70 063**

Disposals during the year according to the equity method consist of negative earnings of NOK 17.9 million, positive adjustment through other comprehensive income of NOK 17.4 million, and reduction of investment due to an increase in non-controlling interests of NOK 21.5 million.

Share of associated company's financial position:	2011	2010
Current assets	287 682	23 126
Fixed assets	110 240	173 916
Short-term liabilities	69 631	75 995
Long-term liabilities	152 229	50 985
Net assets (share of equity)	**176 062**	**70 063**
Share of associated company's income and profit:		
Income	238 899	163 898
Net profit	-17 944	-34 938

NOTE 6 - SEGMENT INFORMATION (NOK 1000)

PRIMARY SEGMENT REPORTING - BUSINESS SEGMENTS:

GC Rieber Shipping currently operates 18 advanced special- purpose vessels for defined markets within subsea, ice/support and marine seismic, of which twelve are fully owned by the Company. This includes GC Rieber Shipping's stake in Armada Seismic. 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 2011, the Group has operated five vessels in 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 September 2012. The "Polar King" is chartered to Technocean until May 2014. The subsea IMR/CSV newbuilding "Polar Queen" was delivered from the ship yard in October 2011 and is chartered to the Mexican subsea contractor Oceanografia until November 2013. The "Greatship Maya" (on a bare-boat charter) was sub-chartered to Bluestone Offshore until mid-December 2011, at which point the bare-boat period expired and the vessel was returned to its owner. As of April 2011, the "Protector" is on a three-year charter contract with the British Ministry of Defence ("MoD"), thereby including the vessel in the ice/support segment. GC Rieber Shipping also holds 50% 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.

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" (65 % stake via Armada Seismic), "Geo Atlantic", and the 2D vessel "Polar Explorer". The company also has a 61 % stake in Octio, which is in the business of permanent reservoir monitoring. The "Geo Atlantic" is on a charter contract with Fugro until October 2013. The "Polar Duke" has been in operation since May 2011 on charter to Dolphin Geophysical, and the "Polar Explorer" is chartered to the same client until January 2013. The "Polar Duchess" is expected to be operational by the second quarter of 2012. The segment also includes ship management of offshore vessels for other owners.

SECONDARY SEGMENT REPORTING - GEOGRAPHICAL SEGMENTS:

The Group has defined its geographic areas as the secondary segment reporting.

SEGMENT INFORMATION:

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					*-73 443*

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 consist of repayment of borrowings from the Group's credit facility.

2010	Ice/support	Subsea	Marine seismic	Not allocated	Total
From the income statement:					
Operating income	72 828	293 872	194 526		561 226
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	49 249	88 270	38 405		175 925
Operating profit	29 155	313 502	-96 344		246 314
Write-down	562	27 500	64 680		92 742
From the balance sheet:					
Vessels	245 292	303 509	776 906		1 325 708
Newbuild contract		764 637	42 344		806 980
Non-current liabilities to financial institutions	96 684	241 642	453 753		792 079
From the cash flow statement:					
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	49 249	88 270	38 405		175 925
Repayment of long-term loans	-18 820	-236 313	-44 975	-50 000	-350 108
New long-term loans raised		254 844	256 632		511 476
Investments		-415 208	-457 981	-265	-873 455
Proceeds from sale of vessel		566 227			566 227
Proceeds from issue of share capital			156 100		156 100
Other changes		-888		-14 698	-15 586
Net change in bank deposits, cash and quoted financial investments					*170 580*

Non-allocated other changes in 2010 are, among others, related to the payment of dividend in 2010 of NOK 13.1 million. Non- allocated payment of instalments on long-term debt consist of a partial repayment of borrowings from the Group's credit facility. For information regarding write-downs for the various segments, we refer to note 11 and 12.

GEOGRAPHICAL SEGMENT INFORMATION:

Operating income from customers

	2011	2010
Norway	356 995	221 124
Europe	147 556	141 919
Asia	65 518	74 398
North America	31 277	59 042
Central America	24 440	26 201
Australia	-	38 543
Total operating income	**625 787**	**561 226**

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

Operating income in Asia is related to one customer and reported within the subsea segment. Three customers represent approximately 89 % of the operating income in Norway, of which 58 % is within the seismic segment and 42 % is within the subsea segment.

FIXED ASSETS

In regards to vessels, NOK 905 million of the book value is located in Europe, whereas the remaining vessels and other equipment are located 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	2011	2010
Crew wages	88 782	102 876
Administration wages	56 190	59 185
Social security tax	12 604	16 503
Pension costs	11 640	10 772
Other social costs	3 344	3 432
Total payroll expenses	**172 560**	**192 767**
Number of employees in the Group (man-labour years):		
Seamen	135	135
Administration	77	95

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

	2011	2010
Crew and catering expenses	99 591	118 592
Administration expenses	72 968	74 175
Total payroll expenses	**172 560**	**192 767**

The change in payroll expenses is mainly due to a decrease in crew wages. The decrease is a result of an altered staffing model, the effect of disposal of subsidiaries in the beginning of 2010, and change of operations in one of the Group's subsidiaries.

Management remuneration	2011	2010
Wages	5 058	3 386
Other benefits	119	131
Paid pension contribution	420	457
Total management remunerations	**5 597**	**3 974**

The expenses are included in the Group's administration expenses.

Board remuneration	2011	2010
Board of GC Rieber Shipping ASA	814	710
Board of Armada Seismic ASA	75	-
Total board remuneration	**889**	**710**

The expenses 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 their positions. 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)	2011	2010
Audit fee	1 135	1 005
Other assurance services	336	129
Tax consulting	435	468
Other services	132	407
Total auditor's fees	2 038	2 010

NOK 136,050 (2010: NOK 93,515) of the audit fee and NOK 11,154 (2010: NOK 29,255) of the fee for other services refers to other audit firms than the auditor of the parent company.

NOTE 8 - TAXES (NOK 1000)

INCOME TAX EXPENSE:

Taxes in the profit and loss statement:	2011	2010
Tax payable in Norway	6 924	20 247
Tax payable outside Norway	2 277	2 275
Tax payable due to the transition to new shipping tax regime	2 104	51 989
Change in tax from earlier periods	-6	289
Change in deferred tax from earlier periods	-4 041	-
Change in deferred tax	-12 634	-13 611
Income tax expense (income)	**-5 375**	**61 188**

Reconcilation of income tax expense for the year:	2011	2010
Profit before tax	109 386	208 160
Estimated tax based on nominal rate (28 %)	30 628	58 285
Effect of shipping tax regime/tax payable outside Norway	-49 410	-72 991
Tax payable due to the transition to new shipping tax regime	-2 104	51 988
Deferred tax asset not acknowledged	9 612	10 282
Permanent differences (includes write-down of shares outside EEA)	6 687	11 302
Other/correction of tax payable in earlier periods	-788	2 321
Income tax expense (income)	**-5 375**	**61 188**

DEFERRED TAX:

Deferred tax liabilities/assets:	2011	2010
Gain and loss account	103	128
Other temporary differences	-28 406	-41 824
Financial instruments	-6 287	-9 477
Net financial items for companies in the shipping tax regime	-3 674	17 056
Pension liabilities	-35 748	-31 632
Tax losses carried forward	-363 061	-285 305
Not recognised tax losses carried forward	195 011	149 643
Basis for calculation of deferred tax	-242 062	-201 411
Tax rate	28 %	28 %
Deferred tax liabilities/assets in the balance sheet:	**-67 777**	**-56 395**
Directly capitalised deferred tax assets which are not included in the change in temporary differences:		
Estimate deviations for pensions, recognized directly in equity	4 472	2 939
Of which directly capitalised deferred tax assets (28 %)	1 252	823

Not recognised deferred tax assets in the Group at 31.12.2011 amounts to NOK 54.6 million and relates to Octio AS.

At year-end 2011, the Group had tax losses carried forward of NOK 168 million in Norway. 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, GC Rieber Shipping chose to enter a voluntary settlement scheme for its shipping tax companies. This scheme entailed a final taxation of the companies' liabilities by a tax rate of 6.67 %, 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, while 1/3 falls due in 2012 and 1/3 falls due in 2013. The tax provision is discounted, and provisions for 2013 are presented as long-term taxes payable.

NOTE 9 - 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.

	2011	2010
Net profit for the year (basis, NOK 1000)	111 150	148 707
Time weighted average number of shares applied in the calculation of earnings per share	43 662 000	43 659 423
Number of outstanding shares as at 31.12.	43 662 000	43 662 000
Earnings and diluted earnings per share (NOK)	2,55	3,41

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

	2011	2010
Charter income	537 643	491 440
Other operating income	88 144	69 786
Gains on sale of fixed assets	969	293 548
Total operating income	626 757	854 774
Payroll expenses	-172 560	-192 767
Depreciation	-147 517	-130 417
Write-down	-2 571	-92 742
Other operating expenses	-186 213	-192 534
Operating profit	117 897	246 314
Income (loss) from investments in associated company	-17 944	-34 938
Other interest income	18 246	6 595
Other financial income	2 453	3 775
Change in fair value of quoted financial current assets	5 961	23
Other interest expenses	-50 063	-39 211
Other financial expenses	32 836	25 603
Profit before tax	109 386	208 160
Income taxes	5 375	-61 188
NET PROFIT OF THE YEAR	**114 761**	**146 972**

NOTE 11 – TANGIBLE FIXED ASSETS (NOK 1000)

VESSELS AND VESSEL EQUIPMENT:

	2011	2010
Acquisition cost as at 01.01	2 115 755	2 060 088
+ Additions during the year	1 445 011	386 679
+ Additions during the year for periodic maintenance	37 708	3 858
- Disposals during the year	-	-393 852
+ Changes in translation differences during the year	26 994	58 982
= Acquisition cost as at 31.12.	3 625 468	2 115 755
Accumulated depreciation and write-downs at 01.01.	790 047	741 964
+ Depreciation for the year	92 868	87 910
+ Depreciation of periodic maintenance for the year	8 296	10 033
+ Write-downs for the year	-	32 942
- Disposals during the year	-	-82 802
= Accumulated depreciation and write-downs at 31.12.	891 211	790 047
Carrying amount as at 31.12.	**2 734 257**	**1 325 708**
Accumulated translation differences at 31.12.	-29 978	-56 972

All vessels have cost price in USD which is 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 translation differences that are recognised directly in equity. Accumulated translation differences are included in the amounts above.

Depreciation rates of 4 % – 12.5 % have been applied for vessels and depreciation rates of 6.67 % - 33.33 % have been applied for vessel equipment. Capitalised periodic maintenance amounts to NOK 39 million at year-end 2011.

During 2011 the Group has taken delivery of two IMR vessels (the “Polar King” and the “Polar Queen”) and one 3D seismic vessel (the “Polar Duchess”). As of 31 December 2011, the “Polar Duchess” is undergoing conversion and is expected to be operational by the second quarter of 2012.

GC Rieber Shipping applies IAS 36, Impairment of Assets, when assessing the impairment criteria for tangible fixed assets. Valuations for certain vessels have been obtained, and a calculation of the vessels’ value in use has 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 2011.

SHIPBUILDING CONTRACTS:

	2011	2010
Acquisition cost at 01.01	832 072	676 885
+ Additions during the year	-	453 160
- Disposals during the year	-97 389	-303 115
- Reclassified to vessels	-734 684	-
+ Changes in translation differences during the year	-	5 142
= Acquisition cost as at 31.12	0	832 072
Accumulated write downs as at 01.01	25 092	48 813
+ Write-down for the year	298	20 719
- Reversal of previous write-downs	-	-44 439
- Reversal of disposal	-25 390	-
= Accumulated write-downs as at 31.12.	0	25 092
Carrying amount as at 31.12.	**0**	**806 980**

The Group has taken delivery of three vessels in 2011. The purchase contract for IMR newbuild 7040 was sold at cost price to a third party in March 2011. As of 31 December 2011, the Group has no vessels under construction.

MACHINES, INVENTORY AND EQUIPMENT:

	2011	2010
Acquisition cost as at 01.01.	142 665	137 089
+ Additions during the year	413	89 050
- Disposals during the year	-18 217	-496
- Disposals during the year (exit subsidiary)	-	-83 007
+ Changes in translation differences during the year	-135	29
= Acquisition cost as at 31.12	124 726	142 665
Accumulated depreciation as at 01.01.	49 305	36 841
+ Depreciation for the year	13 622	12 029
- Write-down during the year	3 790	26 750
- Reversal of write-downs from previous periods	-5 498	-
- Disposals during the year	-409	-124
- Disposals during the year (exist subsidiary)	-	-26 191
= Accumulated depreciation and write down as at 31.12.	60 810	49 305
Carrying value as at 31.12.	**63 915**	**93 359**

At year-end 2011 the Group has performed a judgemental evaluation for equipment not in use. Based on findings, the equipment has been written down by 30-40%, amounting to NOK 23.2 million per 31.12.2011, of which NOK 3.8 million has been taken to the profit and loss in 2011. 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	2011	2010
Acquisition cost as at 01.01.	40 024	81 316
- Disposals during the year (exit subsidiary)	-	-41 470
+ Changes in translation differences during the year	304	177
= Acquisition cost as at 31.12.	**40 327**	**40 024**
Accumulated depreciation and write-downs as at 01.01.	26 993	4 724
+ Write-downs for the year	-	22 269
= Accumulated depreciation and write-downs at 31.12	**26 993**	**26 993**
Carrying amount at 31.12	**13 334**	**13 030**
Depreciation	0 %	0 %
Economic life	Perpetual	Perpetual
Depreciation method	None	None

Goodwill GC Rieber Shipping Ltd

NOK 13.3 million (USD 2.25 million) of goodwill at year-end 2011 relates to the subsidiary GC Rieber Shipping Ltd.'s acquisition in 2006 of 100 % of the business of TechMarine International Ltd., a company that offered ship management services within marine seismic. Goodwill is not amortised, but it is subject to an annual impairment test, which tests whether the carrying value exceeds the recoverable amount. The impairment test is 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.

Goodwill is only written down in case the recoverable amount of the cash generating unit is lower than the carrying amount of net assets. Based on a value- in-use impairment test, there is no need for write-down of the goodwill. A nominal rate of return of 11.5 % before tax is used in the impairment test. The discount rate is an after tax weighted average cost of capital (WACC) and based on the capital asset pricing model (CAPM). The pre-tax discount rate is derived from the after tax rate, in compliance with IAS 36. The impairment test is based on five-year cash flow projections, using a growth rate of 2.5 % 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 for 5 vessels the next 5 years. A sensitivity analysis has been carried out in which goodwill is tested by increasing the discount rate by up to 3 percentage points. Increasing the discount rate by 3 percentage points shows no indications of impairment.

Goodwill Technocean Group

In 2010 GC Rieber Shipping and the private equity company HitecVision established the subsea service company Reef Subsea AS. GC Rieber Shipping holds a 50 % stake in Reef Subsea AS. As part of the transaction, Reef Subsea acquired GC Rieber Shipping's investments in the geo-technical company Bluestone Offshore and the subsea service providing company Technocean, including its subsidiary, Scan Mudring. The investment in Reef Subsea is reported and presented as an associated company in the consolidated financial statements. Goodwill of NOK 41.5 million related to Technocean and Scan Mudring is presented as disposals during the year 2010 in the table above.

Goodwill Octio Group

In 2010 goodwill relating to Octio Group was fully written down with NOK 22.3 million in the seismic segment. For further information, see the Company's annual report for 2010.

OTHER INTANGIBLE ASSETS

Cost price	2011	2010
Acquisition cost at 01.01	105 090	77 626
+ Additions during the year	-	27 464
= Acquisition cost at 31.12	**105 090**	**105 090**
Accumulated depreciation and write-downs as at 01.01.	61 644	6 700
+ Depreciation for the year	32 731	20 444
+ Write-downs for the year	3 980	34 500
= Akkumulerte av- og nedskrivninger 31.12.	**98 355**	**61 644**
Carrying amount at 31.12	**6 736**	**43 447**
Depreciation	20 %	20 %
Economic life	5 years	5 years
Depreciation method	Linear	Linear

Other intangible assets relate to patents/licenses and capitalised R&D of NOK 6.7 million. Patents and licenses include an exclusive right to use the technology "VectorSeis", developed by ION (15 % ownership in Octio AS). This technology is employed in permanent monitoring of reservoirs. During 2010, capitalised R&D expenses were written off by NOK 34.5 million. To the extent that Octio succeeds in raising the necessary capital and realise profit, a new impairment test will be prepared. Given that the impairment test indicates that the acquisition cost is intact, the write-off will be reversed.

NOTE 13 – INVENTORIES (NOK 1000)

	2011	2010
Supplies	3 257	1 251
Bunkers	-	2 075
Inventory (components/other equipment)	4 366	4 432
Total inventories	**7 623**	**7 758**

No write-downs have been made to inventories in 2011.

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

	2011	2010
Accounts receivable and other current receivables:		
Receivables, not due	130 068	140 834
Receivables, due by 1-30 days	29 273	33 682
Receivables, due by 30-60 days	1 931	8 000
Receivables, due by 60-90 days	630	317
Receivables, due by >90 days	4 929	14 806
Gross receivables	**166 832**	**197 638**
Loss provision as at 01.01.	-13 567	-8 902
New loss provisons during the year	-	-4 665
Reversals	13 567	-
Provision for losses at 31.12	**-**	**-13 567**
Total receivables	**166 832**	**184 071**

The provision for bad debt is classified as operating expenses for vessels in the profit and loss statement. In 2011, confirmed losses on accounts receivable amount to NOK 13.1 million.

NOTE 15 - QUOTED FINANCIAL INVESTMENTS (NOK 1000)

INVESTMENT IN SHARES:

	2011
Acquisition cost	21 488
Carrying amount	25 043
Fair value	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 and expenses.

NOTE 16 - BANK DEPOSITS AND CASH (NOK 1000)

BANK DEPOSITS AND CASH:

	2011	2010
Bank deposits and cash	188 692	311 272
Tax withholdings	8 119	7 225
Short-term bank deposits	237 097	213 898
Cash and bank deposits	**433 908**	**532 395**

Bank deposits generate interest income based on the banks' prevailing terms at all times. Short-term bank deposits are carried out for varying periods; from one day to three 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:	2011	2010
Par value	1.8	1.8
Number of shares	43 812 800	43 812 800
Share capital	78 863	78 863

OWN SHARES

In the general meeting on 13 April 2011, the Board received authorisation to purchase own shares limited to 10 % of the total number of shares at a share price between NOK 15 and NOK 60. The company has not yet made use of this authorisation. The company possesses 150.800 of own shares at 31.12.11, constituting 0.34 % of the total number of shares.

DIVIDENDS:

Paid dividend	2011	2010
NOK per share (2011: NOK 0.50, 2010: NOK 0.30)	21 831	13 104
Dividend proposed by the Board at 31.12.11 (NOK 0.50 per share)	21 831	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 31.12.2011:

Long-term debt		Average interest rate 2011	Average duration	Balance 2011	Balance 2010
Mortgage debt with floating interest	Secured	USD LIBOR + 2.75 %	4.4 years	1 641 402	847 273
Mortgage debt with fixed interest	Secured	USD CIRR 4.04 % + 1,75 %	6.5 years	89 891	94 289
Overdraft facility (NOK 250 mill.)	Not secured	NIBOR + 2.25 %	1.9 years		200 000
Amortization effect, mortgage debt				-4 059	-5 044
Total				**1 727 233**	**1 136 518**

The instalment scheme for the Group's long-term liabilities, including first year's instalments, was as follows at year-end 2011:

Due in 2012	187 292
Due in 2013	187 113
Due in 2014	167 037
Due in 2015	265 976
Due in 2016	893 910
Due later	25 905
Total interest bearing debt	**1 727 233**

Additionally, interest on the principal amounts is due on the instalment dates. Except for the mortgage loan in connection with "Polar Pevek", the loans are based on floating interest rates and the payments vary with the interest rate development in the money market. See above for margins on the floating interest rates as an indication of the magnitude of the amounts which are due in the respective periods. The fixed rate loan above is recorded at amortised cost. The market value of the loan is NOK 4 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. The Group's long-term liabilities are 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 2011was 4.28 % (2010: 4.42 %).

According to the Group's loan agreements:

- the Group's equity ratio shall be a minimum of 30 %.
- 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)

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 % 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 sailors have a separate tariff rated pension scheme. The retirement pension from age 60 to 67 amounts to 60 % 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.

The Group also has an early retirement pension agreement with certain employees, through which the company pays 63 % 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.

DEFINED-BENEFIT PLANS

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 a 10 year Norwegian government bond with an addition for duration which is determined on the basis of the difference in interest rates between a 5 year and a 10 year Norwegian government bond. If the discount rate is reduced by 1 %, it will normally result in an increase in the gross pension obligation of 15 % to 20 %.

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.

	2011	2010
Discount rate	2.60 %	4.00 %
Estimated return on plan assets	4.10 %	5.40 %
Increase of National Insurance Basic Amount (G)	3.25 %	3.75 %
Rate of salary increase	3.50 %	4.00 %
Rate of pension increase	3.25 %	3.75 %
Number of employees	127	153
Number of pensioners	18	18
Mortality list	K-2005	K-2005

Specification of the Group's net pension cost	2011	2010
Current service cost	7 993	8 608
Interest expenses on benefit obligations	2 630	3 046
Estimated return on plan assets	-2 204	-2 264
Administration costs	-170	315
Amortization	-	-2 756
Net pension cost	**8 248**	**6 948**
Social security tax	1 187	1 324
Pension cost in the profit and loss statement	**9 435**	**8 272**

Estimated pension cost 2012	
Current service cost	8 234
Interest expenses on benefit obligations	1 781
Estimated return on plan assets	-1 628
Administration costs	244
Net pension cost	**8 631**
Social Security Tax	1 183
Pension cost in the profit and loss statement	**9 814**

Specification of the Group's net pension obligations	31.12.11	31.12.10
Gross obligations, secured	-59 529	-54 406
Gross obligations, non-secured	-9 859	-12 130
Fair value of pension assets	38 057	38 812
Social Security Tax	-4 418	-3 909
Net pension obligations	**-35 748**	**-31 632**
Carrying value 1.1.	-31 632	-31 025
Disposal of subsidiary	-	2 190
Cost in financial statement	9 435	8 272
Contributions / benefits during the year	-966	-2 818
Recognized net actuarial (loss) / gain	-4 352	-2 657
Carrying value 31.12	**-35 748**	**-31 632**

	31.12.11	31.12.10	31.12.09	31.12.08	31.12.07
Gross pension obligation	-69 388	-66 536	-72 729	-64 510	-55 832
Fair value of pension assets	38 057	38 812	45 537	43 447	38 688
Social Security Tax	-4 418	-3 909	-3 834	-2 816	-2 417
Net obligation	-35 748	-31 632	-31 025	-23 879	-19 561

The value adjusted return on plan assets per 31.12.2011 was 2.1 %.

DEFINED CONTRIBUTION PLANS

In addition to the defined benefit plans as described above, two the Group's subsidiaries have made contributions to local pension plans. The contributions have been provided to pension plans covering 34 employees. The pension premium is recognised as an expense when it falls due and amounts to NOK 2.2 million in 2011.

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 Group 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.

The Group has entered into a five-year lease agreement related to streamers. The streamers are treated as sold in the Group 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 %.

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

Outstanding lease as at 31.12.2011 is NOK 165.4 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:

	2011	2010
Ordinary lease payments	9 048	8 745

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

Within 1 year	6 308	6 118
1 to 5 years	13 738	15 771
Later than 5 years	1 470	2 210
	21 516	24 099

NOTE 21 – OVERVIEW OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA at 31 December 2011 (outstanding shares):

Name	Number of shares	Owner's share
GC RIEBER AS	30 861 735	70.7 %
AS ODIN II	5 003 555	11.5 %
LEIF HILMAR SØRENSEN	909 000	2.1 %
PARETO AKSJE NORGE	612 900	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
STORKLEIVEN AS	336 500	0.8 %
DELTA A/S	331 900	0.8 %
PARETO AKTIV	267 700	0.6 %
TANNLEGE RANDI ARNESEN AS	249 814	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	202 000	0.5 %
TORHILD MARIE RONG	161 500	0.4 %
BERGEN RÅVAREBØRS II AS	153 269	0.4 %
TIGO AS	141 359	0.3 %
TRIOFA 2 AS	141 359	0.3 %
PARETO VERDI	140 300	0.3 %
PAUL RIEBER	130 000	0.3 %
ARILD NØST ARNESEN	122 000	0.3 %
MARIUS NØST ARNESEN	112 000	0.3 %
OTHER SHAREHOLDERS	2 810 859	6.4 %
OUTSTANDING SHARES	**43 662 000**	**100.0 %**

Neither the board members nor the CEO own shares in the Company. The Chairman of the Board, Paul-Chr. Rieber indirectly controls 1.8 %, which equals 802 405 shares in the Company.

At 31.12.2011, GC Rieber AS owns 30,861,735 shares in GC Rieber Shipping ASA. This constitutes 70.7 % of the outstanding shares in the company. GC Rieber Shipping owns 150,800 own shares, representing 0.34 % of the total number of shares.

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.

The balance sheet as at 31.12.2011 includes NOK 1.6 million in short-term debt to the parent company (2010: NOK 1.5 million).

TRANSACTIONS WITH JOINT VENTURES:
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:

	2011	2010
Income	1 005	2 139
Expenses	-	-
Total	**1 005**	**2 139**

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

	2011	2010
Accounts receivable	1 634	1 236
Loans (other short term receivables)	-	6 003
Equity interest	47 405	47 405
Total (net)	**49 039**	**54 644**

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:

	2011	2010
C/P revenue*	156 847	136 774
Expenses	-	-
Total	**156 847**	**136 774**

* C/P revenue in 2011 relates to a time charter contract for "Polar Prince" which is in force until September 2012 and a time charter contract for "Polar King" which is in force until May 2014, both with subsidiary Reef Subsea AS. The amount also 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:

	2011	2010
Accounts receivable	33 559	33 761
Ownership according to the equity method	176 062	70 063
Loans (other long-term receivables)	-	30 000
Total (net)	**209 621**	**133 824**

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 itself 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 31.12.2011	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Financial investments	25 043	-	25 043
Accounts receivable	-	100 221	100 221
Cash and bank deposits	433 908	-	433 908
Total financial assets	**458 951**	**100 221**	**559 172**
Liabilities			
Interest bearing long-term liabilities	-	1 539 941	1 539 941
Interest bearing short-term liabilities	-	187 292	187 292
Accounts payable	-	54 136	54 136
Total financial liabilities	**-**	**1 781 369**	**1 781 369**

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 1.363 million of the interest bearing liabilities of NOK 1.727 million.
- The Group has received parent company guarantees for part of the outstanding accounts receivable.

The Group has not employed derivatives in order to manage credit risk. GC Rieber Shipping 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 31.12.2011	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Change in fair value of quoted financial instruments	3 555	-	3 555
Change in fair value of financial hedge instruments	-21 795	-	-21 795
Realized currency gains/losses on bank deposits and cash	-	52 770	52 770
Unrealized currency gains/losses onbank deposits and cash	-	12 913	12 913
Interest income on bank deposits and cash	23 105	-	23 105
Total financial income in the profit and loss statement	**4 865**	**65 683**	**70 548**
Liabilities			
Interest expenses on interest bearing debt	-	-54 983	-54 983
Unrealized currency gains/losses on interest bearing debt	-	-6 132	-6 132
Total financial losses in the profit and loss statement	**-**	**-61 115**	**-61 115**

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 ("Mark-to-market") of financial instruments in the profit and loss statement.

4. HEDGING

As the Group's income is in USD, GBP and NOK and 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'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".

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	3 600	2012	9.37	-822
GBP/NOK - call option	GBP	7 200	2012	9.37	
GBP/NOK - put option	GBP	3 600	2012	9.37	-422
GBP/NOK - call option	GBP	7 200	2012	9.37	
Total					**-1 244**

The Group has entered into two GBP/NOK put/call structures; buying GBP/NOK put options financed with selling GBP/NOK call options for the double amount with a total option premium of zero. The put/call structure expires with 1/12 every month through 2012.

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair value (1000)
Interest rate swap	USD	14 000	2013	4.22 %	-5 043
Total					**-5 043**

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 the 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, the Group recently has entered into lease agreements for vessels with some new companies which are not as solvent as those previously mentioned. Following the financial crisis, many companies within the oil service market have a more strained liquidity than before, and in some cases companies have defaulted on repayment of their liabilities. Overall the Group's credit risk is therefore considered to be higher than in previous years.

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 31.12.2011	0-12 months	1-5 years	More than 5 years	TOTAL
Assets				
Financial investments	25 043	-	-	25 043
Accounts receivable	100 221			100 221
Cash and bank deposits	433 908			433 908
Total financial assets	**559 172**	-	-	**559 172**

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 at year-end, a general increase in the interest rate of 1 % will improve the result by NOK 1.6 million, and correspondingly, a general decrease in the interest rate level of 1 % will have a negative impact on the result by NOK 1.6 million.

The Group has the following interest rate swap contracts as at 31.12.2011:

2012 USD 13.0 million - 4.04 % yearly interest and USD 14.0 million - 4.22 % yearly interest
2013 USD 11.0 million - 4.04 % yearly interest and USD 12.0 million - 4.22 % yearly interest
2014 USD 9.0 million - 4.04 % yearly interest
2015 USD 7.0 million - 4.04 % yearly interest
2016 USD 5.0 million - 4.04 % yearly interest

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 31.12.2011	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	175 307	175 128	155 052	253 991	877 867	1 637 344

At 31.12.2010	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	11 713	11 713	11 713	11 713	47 437	94 288
Floating interest rate						
Assets:						
Cash and bank deposits	532 395					532 395
Liabilities:						
Bank loans	132 726	127 778	127 602	107 984	351 183	847 274

See note 18 for information on long-term liabilities.

Foreign currency

The Group's income is in USD, GBP and NOK, whereas the operating expenses are mainly in NOK, GBP and USD, and the administrative expenses are mainly in NOK and partly in GBP, SGD 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 of the hedging of the expected future net cash flow in USD, GBP and other relevant currencies. Hedging 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 31.12.2011, 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 29 million
- An increase GBP/NOK exchange rate by 1.00, increases the result by NOK 3.3 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:	31.12.11	31.12.10
US dollar	5.99	5.86
Euro	7.75	7.81
Pound Sterling	9.28	9.07

Monthly average exchange rates:	2011	2010
US dollar	5.61	6.04
Euro	7.79	8.01
Pound Sterling	8.98	9.34

NOTE 24 – EXCHANGE DIFFERENCES (NOK 1000)

The Group has NOK as presentation currency and in part NOK and in part USD as functional currency as the functional currency differs between the different Group companies.

The following companies have USD as their functional currency:

GC Rieber Shipping Ltd
Polar Ship Invest II AS
Polar Queen Ltd
Polar Ship Invest IV AS
Armada Seismic ASA
Armada Seismic Invest I AS
Armada Seismic Invest II AS
Armada Explorer AS
Polarus AS
Polar Pevek Ltd
Shipworth Shipping Company Ltd
OOO De Kastri Tugs
OOO Polarus
GC Rieber Shipping Asia Pte Ltd
Sea4 I Shipping Ltd
Sea4 II Shipping Ltd

The remaining companies in the Group have NOK as functional currency. There has not been any change in the functional currency for the parent company or significant subsidiaries in 2011.

FINANCIAL STATEMENTS

GC RIEBER SHIPPING ASA

/ PROFIT AND LOSS STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	Note	2011	2010
OPERATING EXPENSES			
Administration expenses	3, 4	-16 962	-11 429
Total operating expenses		-16 962	-11 429
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**-16 962**	**-11 429**
Write-down	5	1 708	-26 224
Operating profit		**-15 255**	**-37 653**
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries	14	40 000	95 300
Write-down investment in subsidiary	6	-11 405	-141 578
Write-down long term receivables subsidiary	14	-23 971	3 930
Financial income		10 979	20 013
Financial expenses		-7 909	-14 751
Realized currency gains (losses)	13	-1 313	8 210
Unrealized currency gains (losses)	13	535	-4 905
Net financial income and expenses		*6 916*	*-33 780*
Profit before taxes		**-8 339**	**-71 433**
Taxes	9	3 627	9 337
NET PROFIT	8	**-4 712**	**-62 096**
ALLOCATION OF NET PROFIT			
Dividend	7	-21 831	-21 831
Transferred from Other Equity		26 543	83 927
Total allocation		**4 712**	**62 096**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2011	31.12.2010
ASSETS			
FIXED ASSETS			
Deferred tax asset	9	43 010	39 383
Total intangible fixed assets		*43 010*	*39 383*
Vessel equipment	5	41 577	58 775
Total tangible fixed assets		*41 577*	*58 775*
Investments in subsidiaries	6	214 609	220 933
Investments in associated companies	6	233 035	105 000
Other long-term receivables subsidiaries	14	32 960	92 371
Total financial fixed assets		*480 604*	*418 304*
Total fixed assets		565 190	516 461
CURRENT ASSETS			
Receivables from subsidiaries	14	272 927	686 526
Other current assets	14	1 508	621
Total debtors		*274 435*	*687 147*
Cash and bank deposits	11	*802*	*453*
Total current assets		275 237	687 600
TOTAL ASSETS		**840 427**	**1 204 061**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2011	31.12.2010
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		16 604	16 604
Total restricted equity		*95 196*	*95 196*
Other equity		646 845	673 388
Total retained earnings		*646 845*	*673 388*
Total equity	*7*	*742 041*	*768 584*
LIABILITIES			
Liabilities to financial institutions	10, 11	67 866	406 281
Accounts payable		592	3 242
Dividends	7	21 831	21 831
Liabilities to subsidiaries	14	5 900	1 561
Other current liabilities		2 197	2 562
Total current liabilities		*98 386*	*435 477*
Total liabilities		**98 386**	**435 477**
TOTAL EQUITY AND LIABILITIES		**840 427**	**1 204 061**

Bergen, 14 March 2012
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Trygve Arnesen
Vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

Irene Waage Basili
CEO

/ CASH FLOW STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	-8 339	-71 433
Repayment taxes paid	0	624
Write-downs investments in subsidiary	11 405	141 578
Write-downs on fixed assets	-1 708	26 224
Write-downs loans to subsidiary	23 971	0
Profit on sale of financial fixed assets	0	-4 021
Change in accounts receivables	0	44 836
Change in accounts payable	-2 650	2 539
Change in receivables from subsidiaries	413 538	-96 367
Change in other current assets and other liabilities	-2 702	64 336
Net cash flow from operating activities	**433 515**	**108 317**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments from sale of fixed assets	19 574	0
Payments for investments in financial fixed assets	-92 493	-122 529
Net cash flow from investment activities	**-72 919**	**-122 529**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term liabilities to financial institutions	-200 000	-50 000
Payments from new current liabilities to financial institutions	0	56 452
Repayment of current liabilities to financial institutions	-138 415	0
Payment for sale of own shares	0	697
Dividend payment	-21 831	-13 099
Net cash flow from financing activities	**-360 246**	**-5 949**
Net change in bank deposits, cash and quoted financial investments	349	-20 160
Bank deposits, cash and quoted financial investments at 01.01.	453	20 613
Bank deposits, cash and quoted financial investments at 31.12.	**802**	**453**

/ 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 14 March 2012.

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. 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 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. 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 2011:	Salary	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**

Management remuneration 2010:	Salary	Other benefits	Paid pension premium	Total remuneration
Sven Rong, CEO (until 8/2010)	882	94	190	1 166
Arnstein Øvsthus, COO	1 176	17	147	1 340
Hans Petter A. Klohs, CFO and acting CEO (from 8/2010)	1 328	20	120	1 468
Total managment remuneration	**3 386**	**131**	**457**	**3 974**

Board remuneration:	Board remuneration 2011	Total remuneration 2011	Board remuneration 2010	Total remuneration 2010
Paul-Chr. Rieber, chairman	200	200	200	200
Trygve Arnesen, vice-chairman	150	150	150	150
Jan Erik Clausen	120	120	120	120
Cecilie Astrup	120	120	120	120
Inga Lise Moldestad (incl. remuneration from audit committee 2009-2011)	224	224	120	120
Total board remuneration	**814**	**814**	**710**	**710**

Auditor's fees (excl. VAT):	2011	2010
Audit	235	165
Tax consulting	67	300
Other services	369	168
Total auditor's fees	**670**	**633**

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

	2011	2010
Board remuneration incl. Social security tax	929	810
Auditor's fees	670	633
Management fee to GC Rieber Shipping AS	6 000	6 000
Legal fee	2 262	887
Consultancy fee	5 506	691
Project costs	-	791
Other administration expenses	1 595	1 618
Total operating expenses	**16 962**	**11 429**

NOTE 5 – FIXED ASSETS (NOK 1000)

Vessel equipment:

	2011	2010
Acquisition cost as at 01.01	98 021	13 772
+ Additions during the year	-	84 249
- Disposals during the year	-19 154	-
= Acquisition cost as at 31.12	78 866	98 021
Accumulated depreciation and write-downs as at 01.01.	39 246	13 022
- Reversal of previous write-downs	-5 498	-
+ Write-downs for the year	3 790	26 224
- Disposals during the year	-249	-
Accumulated depreciation and write-downs as at 31.12	37 290	39 246
Carrying amount as at 31.12.	**41 577**	**58 775**

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

Company	Business office	Voting- and owner's share	Carrying amount 31.12.11	Profit 2011	Equity 31.12.11
Polar Ship Invest II AS	Bergen	100 %	26 979	55 479	513 355
GC Rieber Shipping AS	Bergen	100 %	37 406	-9 597	63 215
Polar Explorer AS	Bergen	100 %	34 137	3 302	210 159
Polar Ship Invest III AS	Bergen	100 %	108	-1	333
Polar Ship Invest IV AS	Bergen	100 %	35 401	21 855	727 623
Polarus AS	Bergen	100 %	50 000	-376	49 624
GC Rieber Offshore Asia AS	Bergen	100 %	1 710	-1 413	1 745
GC Rieber Shipping Asia Pte Ltd	Singapore	100 %	2 868	-7 307	-16 493
GC Rieber Shipping Ltd	Storbritannia	100 %	5 823	42	-13 843
Octio AS (preliminary figures)	Bergen	61 %	20 177	-27 102	31 163
Polar Queen Ltd.	Isle of Man	100 %	0	0	0
Total			**214 609**	**34 883**	**1 566 883**

Associated company	Business office	Owner's share	Carrying amount 31.12.11	Profit 2011	Equity 31.12.11
Reef Subsea Group	Bergen	50 %	233 035	-17 944	176 062

(Preliminary figures for associated company on 100% basis)

Total write down of the investment in GC Rieber Shipping Asia Pte Ltd. is NOK 8.6 mill. in 2011. Fair value in the statement of financial position per 31.12.2011 is NOK 2.9 mill., which is considered to be intact. Total write down of the investment in GC Rieber Offshore Asia AS is NOK 2.8 mill. in 2011. Fair value in the statement of financial position per 31.12.2011 is NOK 1.7 mill. equal to the equity of the company per 31.12.2011.

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	673 388	768 584
Profit of the year				-4 712	-4 712
Dividends				-21 831	-21 831
Equity 31.12	**78 863**	**-270**	**16 604**	**646 845**	**742 041**

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:

The general meeting on 13 April 2011 gave the board the authority to purchase own shares limited to 10 % of the total number of shares at a share price between NOK 15 and NOK 60. The company has not used this authority. At 31.12.2011 the company owns 150,800 own shares, representing 0.34 % of the total number of shares.

DIVIDEND (NOK 1000):

Paid dividend:	2011	2010
NOK per share (2011; NOK 0.50, 2010: NOK 0.30)	21 831	13 099
Proposed dividend: The following dividend was proposed by the board to be paid after balance sheet date	21 831	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.

	2011	2010
Profit for the year (NOK 1000)	-4 712	-62 096
Time weighted average number of shares applied in the calculation of earnings per share	43 662 000	43 659 423
Number of ordinary shares outstanding as at 31.12.	43 662 000	43 662 000
Earnings per share (NOK)	-0.11	-1.42
Diluted earnings per share (NOK)	-0.11	-1.42

NOTE 9 - TAXES (NOK 1000)

INCOME TAX EXPENSE:	2011	2010
Profit before taxes	-8 339	-71 433
Permanent differences		
Other non tax deductable costs	10	-8
Write-down investment in subsidiary	35 376	141 578
Gain on sale of shares	-	-4 021
Loss on sale of share	-	-32 450
Group contribution	-40 000	-300 000
Reversal of not motioned group contribution	-	204 700
Temporary differences		
Change gain and loss account	26	32
Change in other temporary differences	-4 241	2 324
Tax base for the financial year	**-17 169**	**-59 278**
Payable income tax expense (28%)	**0**	**0**

Taxes in profit and loss statement:

Reversal tax paid previous years	-	-624
Change in deferred tax	-3 627	-8 713
Taxes (tax income)	**-3 627**	**-9 337**

Reconciliation of current year's taxes:

Profit before taxes	-8 339	-71 433
Calculated tax using nominal tax rate (28 %)	-2 335	-20 001
Reversal tax paid previous years	-	-624
Reversal last years temporary differnces loss associated company	-	8 544
Other effects	-	1
Permanent differences	-1 292	2 744
Taxes (tax income)	**-3 627**	**-9 337**

DEFERRED TAX LIABILITIES/ASSETS		
Gain and loss account	103	128
Temporary differences fixed assets	-23 233	-27 474
Tax losses carried forward	-130 480	-113 311
Basis for calculation of deferred tax	-153 610	-140 656
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-43 010**	**-39 383**

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

The company has per 31.12.2011 available credit of NOK 250 million. The facility is valid until 14.11.2013. Per 31.12.2010 the facility was drawn by NOK 200 mill. and presented as short term debt in the financial statements.

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:

	2011	2010
Cash at banks and on hand	802	453
Tax withholdings	-	-
Total cash and bank deposits	**802**	**453**
Credit facility	-	-200 000
Bank accounts related to the group account system	-67 866	-206 281
Total short term liabilities to financial institutions	**-67 866**	**-406 281**

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 at 31 December 2011 (Outstanding shares):

Name	Shares	% of shares
GC RIEBER AS	30 861 735	70.7 %
AS ODIN II	5 003 555	11.5 %
LEIF HILMAR SØRENSEN	909 000	2.1 %
PARETO AKSJE NORGE	612 900	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
STORKLEIVEN AS	336 500	0.8 %
DELTA A/S	331 900	0.8 %
PARETO AKTIV	267 700	0.6 %
TANNLEGE RANDI ARNESEN AS	249 814	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	202 000	0.5 %
TORHILD MARIE RONG	161 500	0.4 %
BERGEN RÅVAREBØRS II AS	153 269	0.4 %
TIGO AS	141 359	0.3 %
TRIOFA 2 AS	141 359	0.3 %
PARETO VERDI	140 300	0.3 %
PAUL RIEBER	130 000	0.3 %
ARILD NØST ARNESEN	122 000	0.3 %
MARIUS NØST ARNESEN	112 000	0.3 %
OTHER SHAREHOLDERS	2 810 859	6.4 %
TOTAL SHARES	**43 662 000**	**100.0 %**

The CEO and the members of the board do not own shares in the Company. The Chairman of the board, Paul-Chr. Rieber controls indirect 802 405 shares, equal to 1.8 % of the share capital.

As at 31.12.2011, GC Rieber AS owns 30.861.735 shares in GC Rieber Shipping ASA. This constitutes 70.7 % of the outstanding shares in the company. At 31.12.2011 the company owns 150,800 own shares, representing 0.34 % 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 mill.. Reference is made to note 14 for other transaction with subsidiaries.

NOTE 13 – CURRENCY GAIN / LOSS (NOK 1000)

	2011	2010
Realized agio/disagio (-)		
Owners supplies Singapore/Spain	-	7 914
Fixed assets	-2 107	-
Cash and cash equivalents	285	19
Loan to GC Rieber Shipping Ltd (USD)	509	-
Loan to Bluestone (USD)	-	278
Total realized agio/disagio	**-1 313**	**8 210**
Unrealized agio/disagio (-)		
Loan to GC Rieber Shipping Ltd (USD)	750	438
Loan to Polar Marine I Pte Ltd (EUR)	-	-1 640
Loan til Polar Marine II Pte Ltd (EUR)	-	-1 735
Loan to GC Rieber Shipping Asia Pte Ltd (USD)	-505	361
Cash and cash equivalents	291	-2 330
Total unrealized agio/disagio	**535**	**-4 905**

NOTE 14 - RECEIVABLES/LIABILITIES (NOK 1000)

	2011	2010
Intercompany transactions		
Long term receivables group	56 931	92 371
Write down long term receivables group	-23 971	-
Short term receivables group	272 927	686 526
Total receivables group	305 887	778 897
Short term liability group	5 900	1 561
Total liability group	5 900	1 561
Other short term receivables		
Accounts receivables	-	-
Other short term receivables	1 508	621
Total other short term receivables	**1 508**	**621**

None of the short term receivables or liabilities falls due more than a year per 31.12.2011.

Short term receivables consists of group contribution received from Polar Ship Invest II AS of NOK 240 million (without tax effect), of which NOK 40 mill. from 2011. Short term receivables also include a convertible loan to Octio AS of NOK 18.7 million.

Long term receivables are comprised of loan to GC Rieber Shipping Ltd NOK 33 mill.. In 2011 loan to GC Rieber Shipping Asia Pte Ltd of NOK 24 mill. is written-down to zero.

Short term debt to group companies includes group contribution to GC Rieber Offshore Asia AS of NOK 4.4 mill. and a regular accounts payable to subsidiary GC Rieber Shipping AS of NOK 1.5 mill..

NOTE 15 - SECURITY AND GUARANTEES

GC Rieber Shipping ASA has guaranteed for NOK 1.363 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

ERNST & YOUNG

State Authorised Public Accountants
Ernst & Young AS

Thormøhlens gate 53 D, NO-5008 Bergen
Postboks 6163 Postterminalen, NO-5892 Bergen

Business Register: NO 976 389 387 MVA
Tel.: +47 55 21 30 00
Fax: +47 55 21 30 01
www.ey.no

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 2011, the statements of profit and loss 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 2011, the statements of profit and loss, 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 Managing Director's responsibility for the financial statements

The Board of Directors and Managing Director 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 Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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 of 31 December 2011 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 of 31 December 2011 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 Managing Director 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, 14 March 2012
ERNST & YOUNG AS

Jørund Haga Indrehus
State Authorised Public Accountant (Norway)

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

FLEET

/ HMS PROTECTOR

The "HMS Protector" (formerly "Polarbjørn") is purpose-built for undertaking both long duration Antarctic expeditions and offshore subsea support duties. With her large public areas, accommodation capacity, helicopter deck and DP2 class, the vessel is well suited for undertaking flotel-and base ship functions on offshore fields and other operations. The vessel's large deck areas and cargo holds offer "unlimited" storage capacity for ROV and related equipment. The vessel's 50 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) from medio April 2011 to April 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 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.

/ 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 1 project off eastern Russia. The vessel, measuring 72 x 17 metres with engine power of 11,000 kW, is owned through a 50/50 joint venture with Primorsk Shipping Corporation. The "Polar Pevek" is on a long term charter to Exxon Neftegas Ltd until 2021 and operates out of the De-Kastri oil terminal, assisting tankers carrying oil from the Sakhalin I project offshore of eastern Russia.

/ RRS ERNEST SHACKLETON

The "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.

/ POLAR EXPLORER

"Polar Explorer" was acquired by GC Rieber Shipping in June 2008. "Polar Explorer" is a 2D/source vessel built in 1988 and converted in 2004. The vessel is currently on a 12 month charter (expiring in 2013) with Dolphin Geophysical.

/ GEO ATLANTIC

The high capacity 3D/4D vessel "Geo Atlantic" was acquired from PGS in June 2009. The "Geo Atlantic" was built in 2000 and owned by GC Rieber Shipping until 2005 when it was sold to Arrow Seismic. 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.

/ POLAR KING

The "Polar King" was delivered in March 2011. The IMR/CSV subsea vessel is of Skipsteknisk ST-254L CD design and was built at Freire Shipyard (Spain). The vessel has a length of 110.6 meter and beam of 20 meter. The vessel is fitted with a 150t offshore AHC crane, accommodation for 112 persons and 1000m2 deck space. Environmental topics have been emphasized in the design, through class notation "Clean Design", and the vessel is built to IMO SPS 2008 rules. The vessel is on a three-year charter with Technocean, expiring in 2014.

/ POLAR QUEEN

The "Polar Queen" was delivered in November 2011. The IMR/CSV subsea vessel is of Skipsteknisk ST-254L CD design and was built at Freire Shipyard (Spain). The vessel has a length of 110.6 meter and beam of 20 meter. The vessel is fitted with a 150t offshore AHC crane, accommodation for 112 persons and 1000m2 deck space. Environmental topics have been emphasized in the design, through class notation "Clean Design", and the vessel is built to IMO SPS 2008 rules. The vessel is on a two-year charter with Mexican offshore company Oceanografia, ending in 2013.

/ POLAR DUKE

The high capacity seismic vessel "Polar Duke" was acquired by GC Rieber Shipping's subsidiary Armada Seismic from the Factorias Vulcano yard (Spain) in June 2010, after which the vessel was upgraded to 14 streamers. The vessel has been designed with strong focus on safety, optimised towing and a maximum speed of 20 knots. High transit speed will increase vessel revenues, while lower fuel consumption will reduce vessel environmental impact and operating cost. "Polar Duke" is on a five year charter to Dolphin Geophysical, expiring in 2016.

/ POLAR DUCHESS

The high capacity seismic vessel "Polar Duchess" is a sister vessel of "Polar Duke", and was acquired by GC Rieber Shipping's subsidiary Armada Seismic from the Factorias Vulcano yard (Spain) in June 2010, after which the vessel was upgraded to 14 streamers. The vessel has been designed with strong focus on safety, optimised towing and a maximum speed of 20 knots. High transit speed will increase vessel revenues, while lower fuel consumption will reduce vessel environmental impact and operating cost. The vessel was upgraded in Norway early 2012 and started operations in April 2012 on a three-year charter with Dolphin Geophysical.

/ POLAR PILTUN

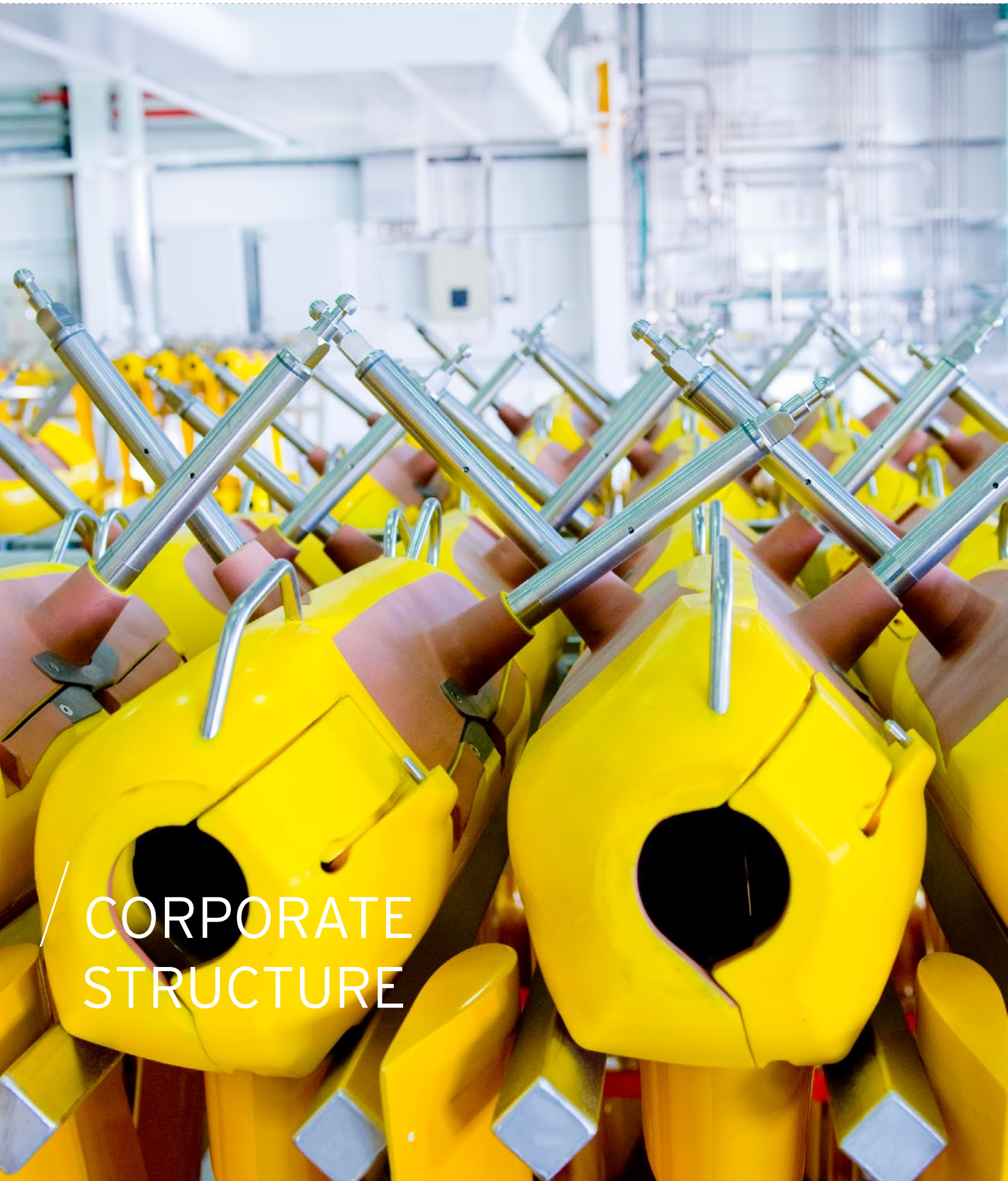
The "Polar Piltun" is one of two crew boats that GC Rieber Shipping in joint venture with Prisco operates out of our Yuzhno-Sakhalinsk office. This particular vessel was built in 1998 and converted in 2009 into a purpose built crew boat to serve various oilrigs for our charterer Sakhalin Energy Investment Company until 2013.

/ POLAR BAIKAL

The "Polar Baikal" is one of two crew boats that GC Rieber Shipping in joint venture with Prisco operates out of our Yuzhno-Sakhalinsk office. This particular vessel was built in 2000 and converted in 2009 into a purpose built crew boat to serve various oilrigs for our charterer Sakhalin Energy Investment Company until 2013.

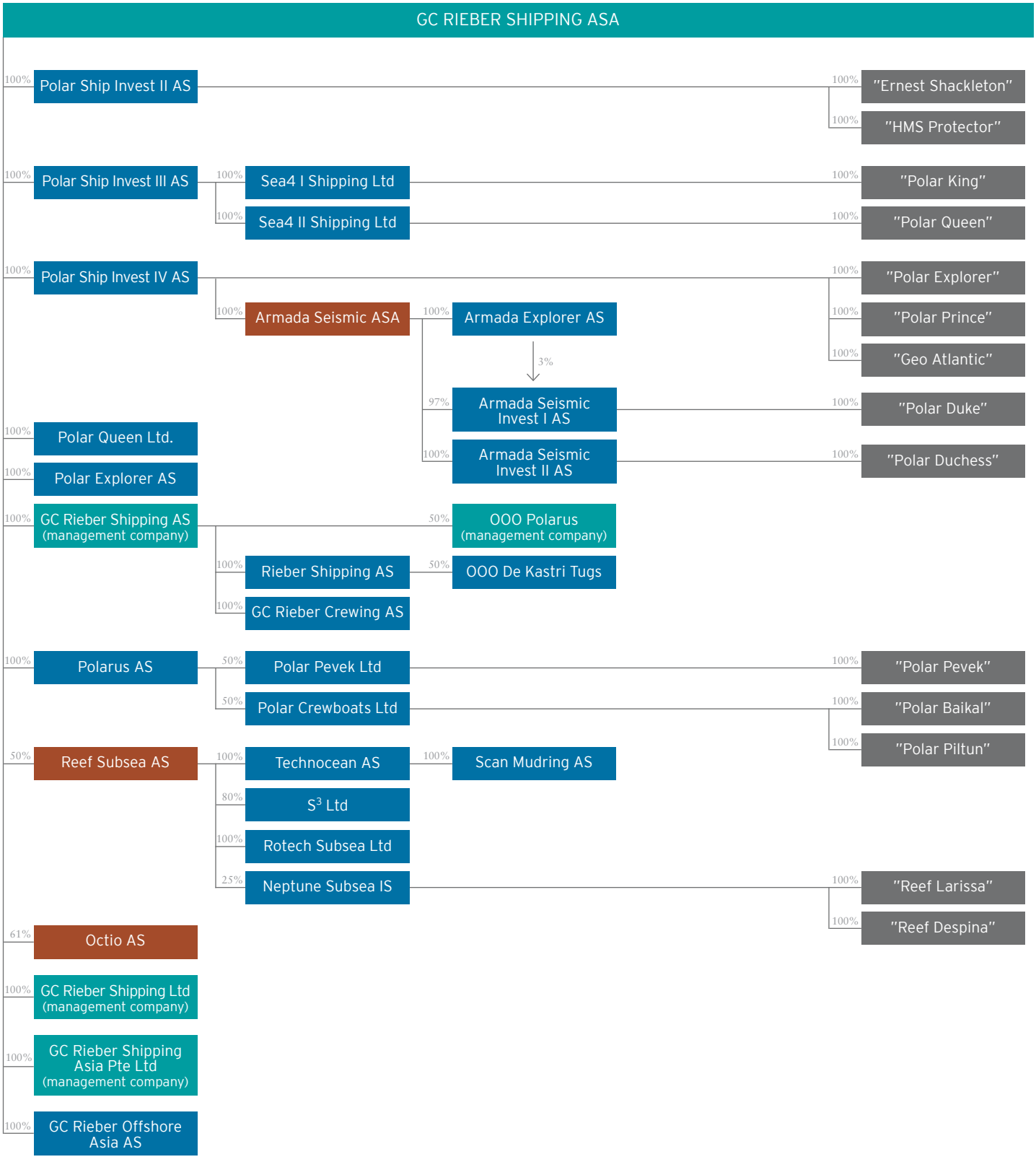
SHIP MANAGEMENT FLEET

VENTURER
PRINCESS
GEO PACIFIC
VOLSTAD SURVEYOR
REEF LARISSA
REEF DESPINA



CORPORATE STRUCTURE

/ CORPORATE STRUCTURE PER APRIL 2012



design by maritimecolours.no

GC RIEBER SHIPPING ASA
SOLHEIMSGATEN 15 / P.O. BOX 1114 SENTRUM / N-5809 BERGEN / NORWAY
TEL +47 55 60 68 00 / FAX +47 55 60 68 05 / WWW.GCRIEBER-SHIPPING.NO