ANNUAL REPORT 2010

GCRIEBER

/ KEY FINANCIAL FIGURES

The GC Rieber Shipping group	2010	2009	2008	2007
Income Statement figures (in NOK 1000)				
CONTINUING OPERATIONS				
Operating income	561 226	668 455	573 050	580 659
Operating expenses		-501 192	-375 567	-342 012
EBITDA	175 925	167 263	197 483	238 646
Depreciation	-130 417	-117 284	-79 678	-67 249
Write-downs	-92 742	-50 385	-14 711	-
Gains (losses) on sale of fixed assets	293 548	-	4 327	-
EBIT	246 313	-405	107 420	171 397
Net financial items	-38 153	-60 773	13 778	-11 058
- whereof unrealized currency gains/losses	29 376	8 668	7 452	8 042
- whereof profit from associated companies	-34 938	-34 819	4 304	-
Profit before taxes	208 160	-61 179	121 197	160 340
Net profit from continuing operations	146 972	78 062	176 783	-10 982
DISCONTINUED OPERATIONS				
Profit after tax from discontinued operations	-	-	-	641 459
PROFIT FOR THE YEAR				
Profit for the year	146 972	78 062	176 783	630 478
Non-controlling interests	1 735	38 441	4 119	9 257
Profit after non-controlling interests	148 707	116 503	180 902	639 735
Normalized profit (1)	3 728	3 020	124 129	152 298
Balance Sheet figures (in NOK 1000)				
Fixed assets	2 438 990	2 259 382	1 663 955	915 842
Current assets	724 225	621 146	1 010 335	1 275 482
Equity	1 794 292	1 545 026	1 507 300	1 441 868
Long-term liabilities	860 576	1 012 092	829 197	556 758
Current liabilities	508 347	323 409	337 793	192 698
Total equity and liabilities	3 163 214	2 880 528	2 674 290	2 191 324
Financial key figures				
Equity ratio (2)	57%	54%	56%	66%
Equity per share (3)	37	34	33	33
Current ratio (4)	4,4	5,0	5,1	8,1
Normalized cash flow (5)	134 145	120 304	203 807	219 547
Interest bearing debt	1 136 518	1 070 554	643 819	438 064
Bank deposits and liquid assets	532 395	361 816	742 754	1 139 411
Number of years to repay interest bearing debt (6)	4,5	5,9	-0,5	-3,2
Profitability				
EBITDA margin	31,3%	25,0%	34,5%	41,1 %
Return on equity (7)	8,9%	7,6%	12,3%	51,7 %
Normalized return on equity (8)	0,2%	0,2%	8,4%	12,3 %
Return on total assets (9)	6,4%	5,3%	8,6%	29,6 %
Normalized return on total assets (10)	1,6%	1,2%	6,2%	8,8 %
Normalized cash flow per share (11)	3,07	2,76	4,68	5,05
Earnings per share (12)	3,41	2,67	4,15	14,72
Normalized earnings per share (13)	0,09	0,07	2,85	3,50
Weighted average number of shares	43 659 423	43 630 882	43 587 790	43 469 901

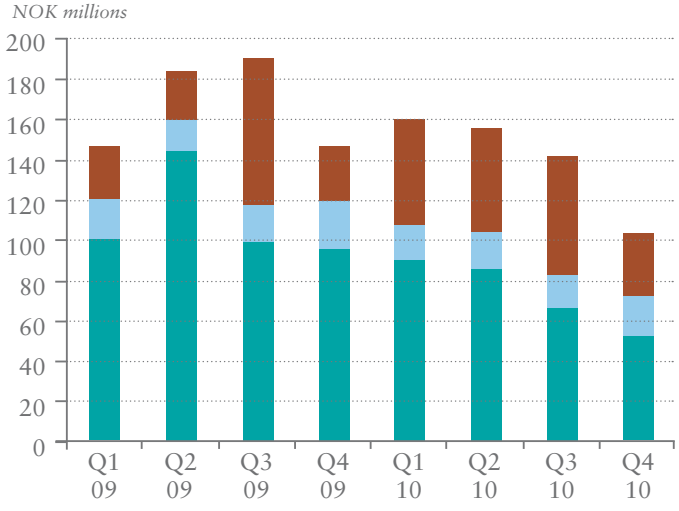
Definitions:
1) Profit before taxes from continuing operations adjusted for unrealized currency gains/losses, sales gains and write-downs (incl. write-downs in associated companies)
2) Equity per 31.12 divided by total equity & liabilities per 31.12
3) Equity per 31.12 divided by number of outstanding 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

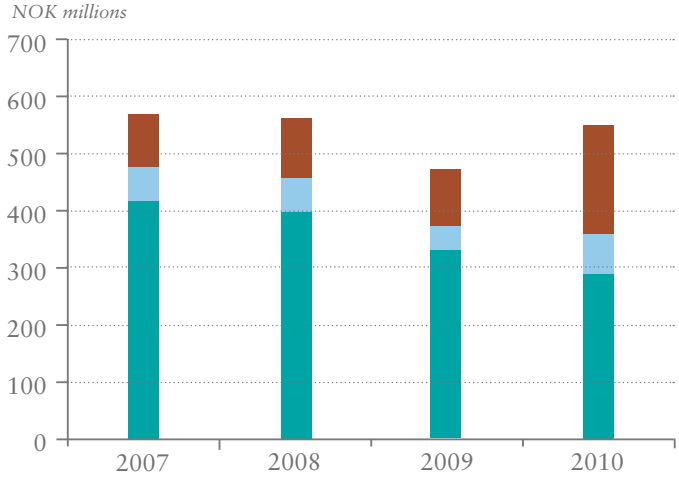
Operating income, EBITDA and normalized pretax profit based on continuing operations.

Marine Seismic
Ice/Support
Subsea

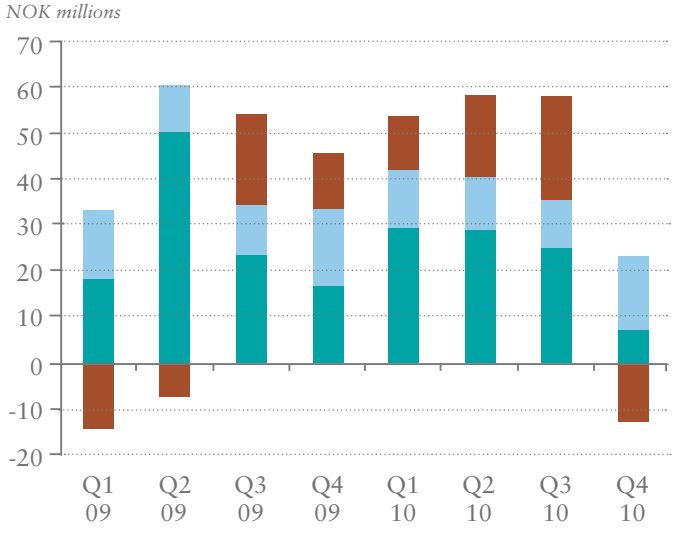
OPERATING INCOME / QUARTERLY DEVELOPMENT



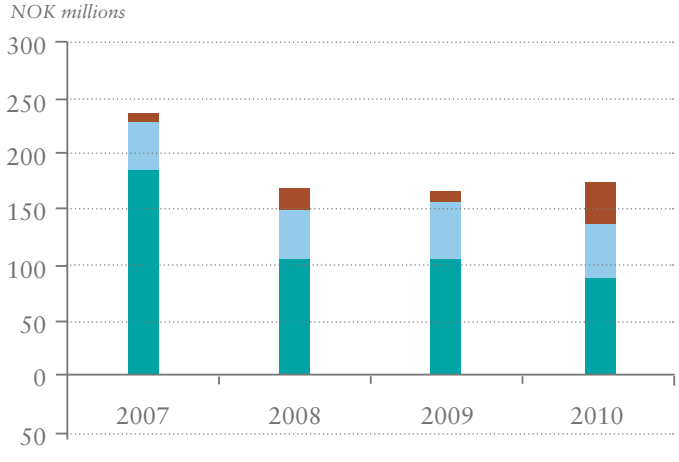
OPERATING INCOME / ANNUAL DEVELOPMENT



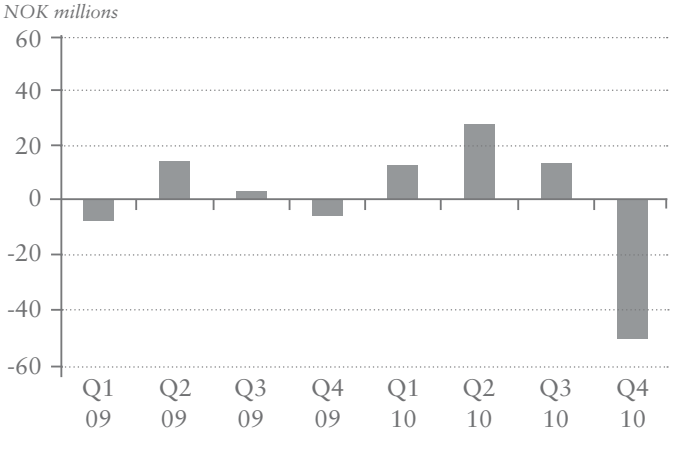
EBITDA / QUARTERLY DEVELOPMENT



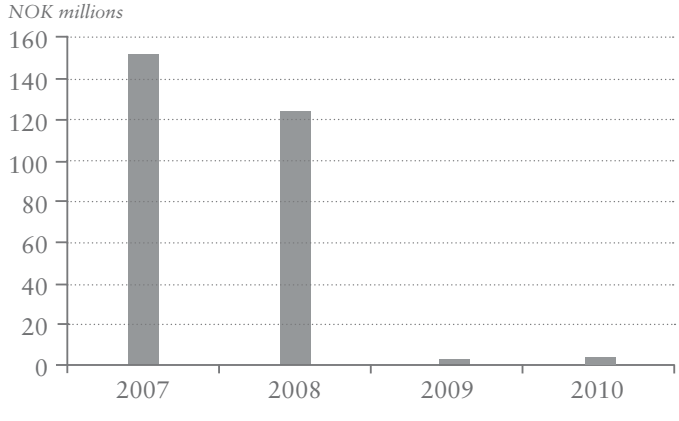
EBITDA / ANNUAL DEVELOPMENT



NORMALIZED PROFIT / QUARTERLY DEVELOPMENT

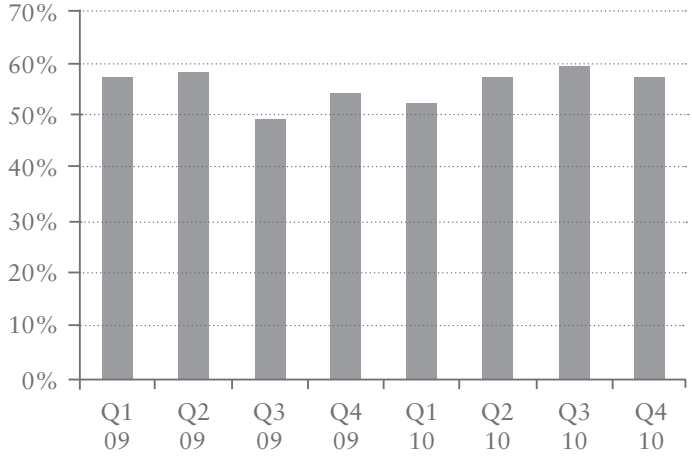


NORMALIZED PROFIT / ANNUAL DEVELOPMENT



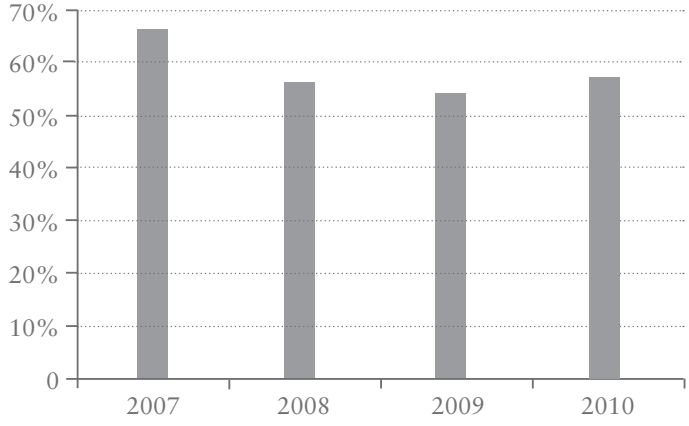
EQUITY RATIO / QUARTERLY DEVELOPMENT

Percent (%)



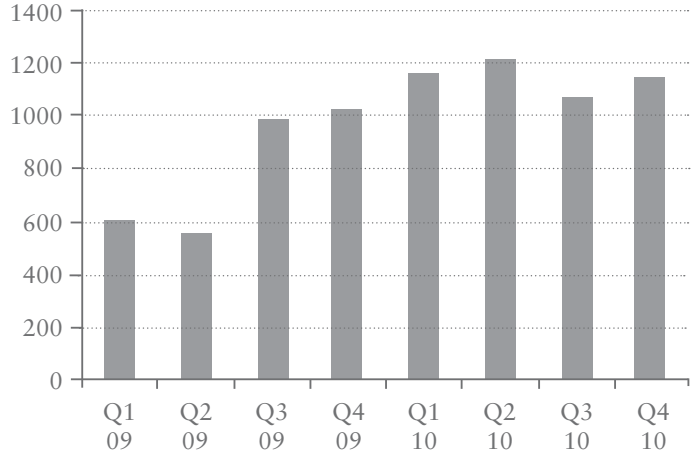
EQUITY RATIO / ANNUAL DEVELOPMENT

Percent (%)



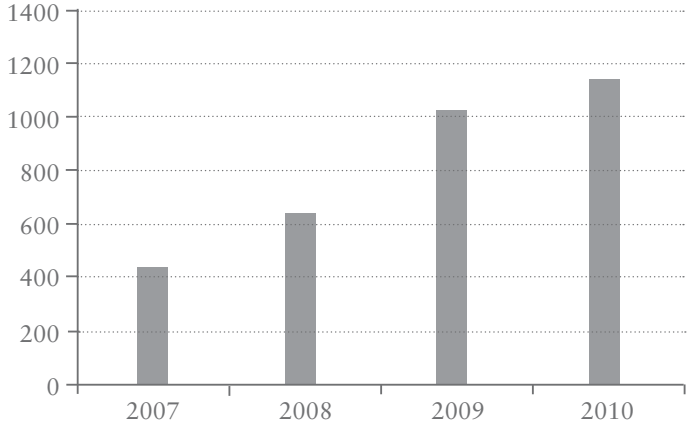
INTEREST BEARING DEBT / QUARTERLY DEVELOPMENT

NOK millions



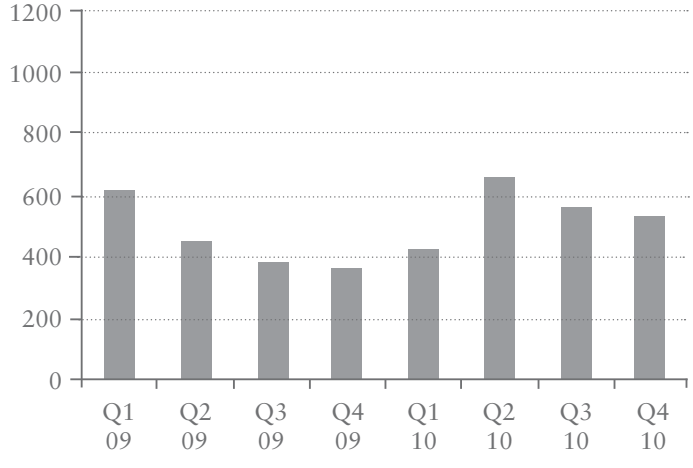
INTEREST BEARING DEBT / ANNUAL DEVELOPMENT

NOK millions



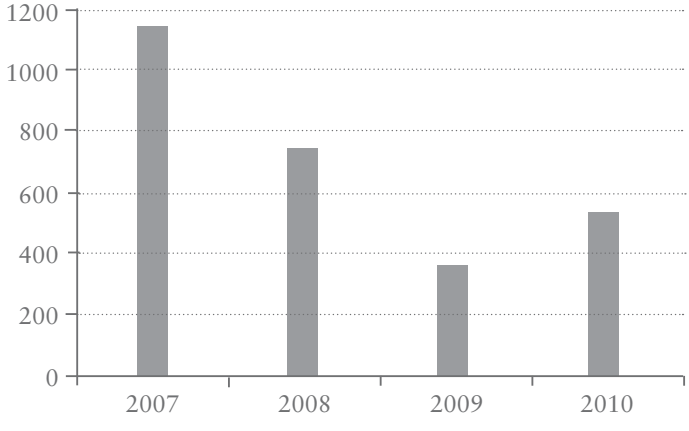
LIQUID ASSETS / QUARTERLY DEVELOPMENT

NOK millions

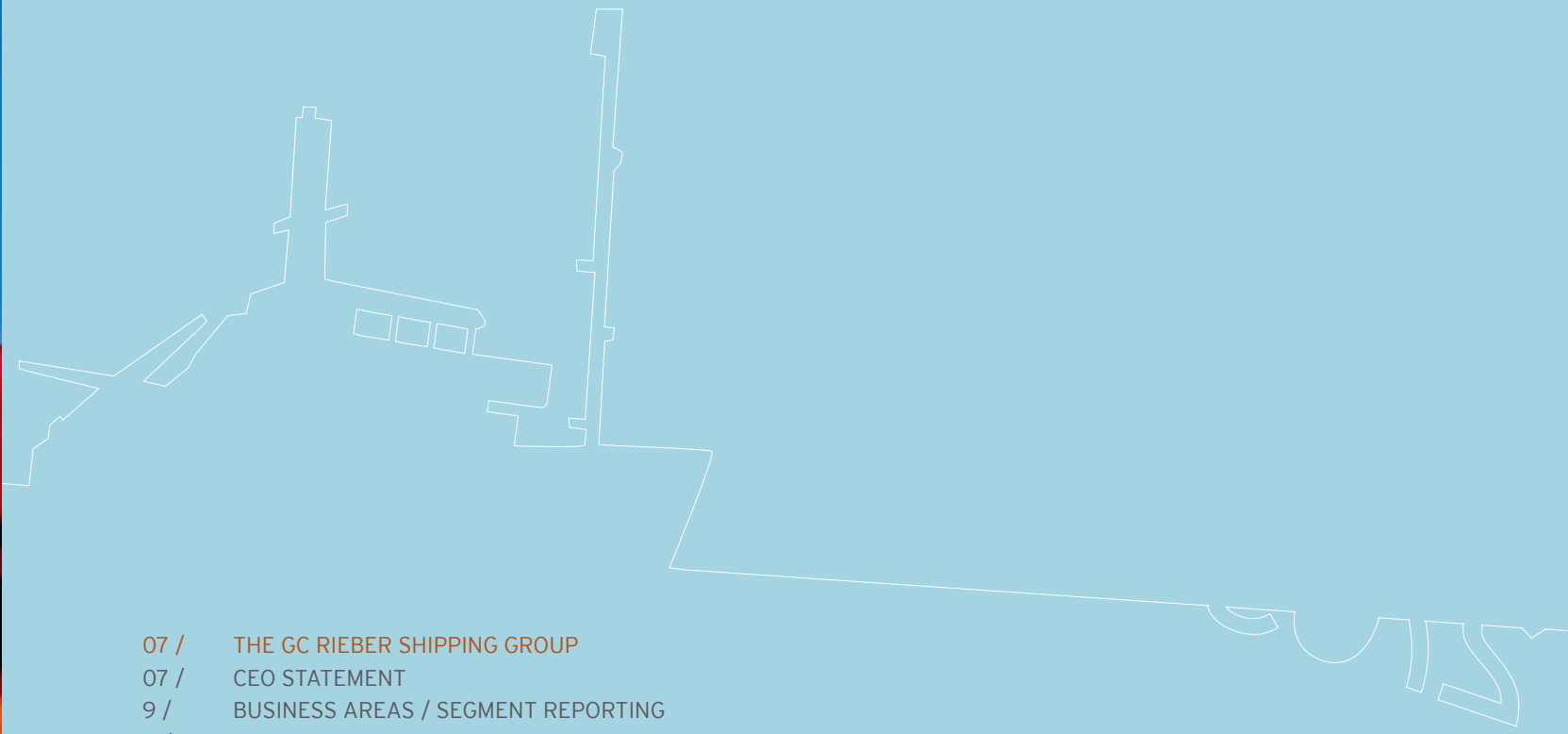


LIQUID ASSETS / ANNUAL DEVELOPMENT

NOK millions




GCRIEBER



/ CEO STATEMENT

During 2010, we have witnessed a recovery in the global economy and in the financial markets where access to capital has become somewhat easier. Driven by a sharp increase in the oil price, the activity and the demand side in the oil service market improved in 2010, but charter rates and utilisation remained subdued due to large influx of new vessels. During 2009 and 2010, GC Rieber Shipping has utilised the weak oil service market to renew and rebalance the fleet, while maintaining a strong solidity and cash position. GC Rieber Shipping posted stable earnings from our core ship owning & operating business in 2010, due to solid long term contract coverage on the majority of the fleet combines with yet another year of high quality vessel operations with close to zero technical down time. Our value chain investments posted negative earnings, to a large degree affected by non recurring items. We remain committed to safety, and we recorded yet another year with no serious personnel accidents.

The low charter rates and utilisation in the oil service market in 2010 are results of a combination of demand side and supply side effects. On the demand side the market has been negatively influenced by the Macondo accident in the spring 2010, as well as after-effects of the financial crisis in 2008/2009. On the supply side the market is still in the process of absorbing new buildings contracted prior to the peak in 2008.

However, the market outlook in the oil service market is brighter – both in the shorter term and in the longer term. The oil price has increased significantly in 2010 and several oil companies, including majors, have towards the end of 2010 signalled significantly increased E&P budgets for 2011. Thus we expect a gradual improvement in the oil service market during 2011. In the longer term the market outlook remains strong, driven by a continued drop in oil production with a corresponding need to increase production on existing fields, as well as exploration and extraction of new petroleum resources.

Recognising the opportunities of a weak oil service market, GC Rieber Shipping initiated a program in 2009 to renew and rebalance the vessel portfolio. This work continued in 2010 and will be completed during 2011. The total investments committed within seismic related to this program amounts to about NOK 1.2 billion, and involves acquisition of one 10 streamer 3D/4D vessel (the "Geo Atlantic" in 2009) and two 14 streamer new buildings "yn532"/"yn533" acquired through the subsidiary Armada Seismic in June 2010. The program also includes net committed investments of about 800 million within subsea, through the acquisition of two subsea IMR/CSV new buildings "Polar King" and "yn703" and sale of the CSV "Polar Queen".

During the course of the investment programme, necessary steps have been taken to maintain a strong solidity and liquidity. Such steps included the sale of the CSV "Polar Queen" in June 2010 releasing about NOK 300 million in net cash after debt repayment and the private placement in Armada Seismic in June 2010 generating NOK 165 million in external funding.

In June 2010, we established the marine seismic subsidiary Armada Seismic. Armada Seismic acquired the two 14 streamer new buildings "yn532" (now renamed "Polar Duke") and "yn533" from the Factorias Vulcano yard. The transaction was partly financed through the above mentioned private placement in Armada Seismic, which reduced GC Rieber Shipping's shareholding in Armada to 65%. The "Polar Duke", "yn533" and the 2D vessel "Polar Explorer" were in December 2010 contracted on long term charters to Dolphin Geophysical. The contracts with Dolphin Geophysical, together with the existing charter with Fugro Geoteam for the "Geo Atlantic", provide a basis for solid and stable earnings from the marine seismic segment in the coming years.

Early 2010, our value chain investments in subsea (Technocean, Bluestone Offshore and Scan Mudring) were restructured and transferred to a holding company Reef Subsea – a 50/50 joint venture with HitecVision. As part of the restructuring, the companies were financed for further growth. During 2010, Reef Subsea has strengthened the management team with senior executives with extensive experience from the subsea business. Reef posted negative earnings in 2010, mainly caused by provision for loss on receivables related to a client having been put under administration. In spite of this, the Reef Subsea Group has established a position for taking advantage of the expected recovery in the subsea market.

Octio Group, our value chain investment within permanent reservoir monitoring, is still in an early phase. In June 2010, the company's capital base and working capital were strengthened through conversion of debts and drawing of a new convertible loan from existing shareholders. Towards the end of 2010, Octio Geophysical (a subsidiary of Octio Group) was awarded NOK 5 million in grants from the Norwegian Research Council. The grant was related to a project for testing out an early-warning system for geophysical changes during water injection in connection with drilling operations. The project, which will be carried out in cooperation with Statoil in 2011/12 (Statoil provides further NOK 12 million in financing) may result in further opportunities for Octio Group.

Summing up, we have during 2010 created a strategic platform for taking advantage of the expected market recovery within the oil service market going forward. Operationally, our efforts in all parts of the organization to live up to the slogan "Safe Competent Support", shall be essential in this connection.

Hans Petter Klohs
Acting 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 within subsea support / Two IMR/CSV newbuildings with delivery 2011	CORE	100%
	SUBSEA SUPPORT & GEOTECHNICAL SERVICES REEF SUBSEA / Technocean (76%): ROV, /ROT, Trenching operations / Scanmudring (76%): Subsea inspection, Seabed soil movement / S^3 (80%): ROV survey operations	VALUE CHAIN	50%
ICE / SUPPORT	ICE / SUPPORT / Owns and operates two vessels within ice/research. Oil support – Sakhalin; Research – Antarctica / Two crew boats operating in the Sakhalin II field	CORE	50-100%
MARINE SEISMIC	SEISMIC VESSELS / Owns and operates one seismic vessel (3D/4D and 2D/Ice) ARMADA SEISMIC / One 4D seismic vessel - seismic rigging to be complete in Q1 2011 / One 4D seismic newbuilding with delivery Q1 2012	CORE	100% 65%
	PERMANENT RESERVOIR MONITORING (IOR) OCTIO GROUP / Permanent reservoir monitoring	VALUE CHAIN	73%
	PROJECT MANAGEMENT & BUILDING SUPERVISION / Operates nine offshore vessels for other owners	CORE	100%

Reef Subsea, the 50/50 joint venture with HitecVision comprising GC Rieber Shipping's investments in Technocean, Scan Mudring and S^3, is reported as an associated company in GC Rieber Shipping's financial reporting using the equity method. Reef Subsea's shareholdings in S^3 and Technocean are respectively 80% and 76%.

GC Rieber Shipping's shareholding in Octio Group is 73% 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, as well as marine seismic. The group has a unique competence on offshore operations in harsh environments and 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 service provider for oil & gas companies and oil service companies in relation to exploration and extraction activities, GC Rieber Shipping's activities within all business areas are dependent upon the development in the energy markets. The oil price, being the primary driver for exploration and extraction budgets, is the most important single factor for the group's growth. After the demand driven decline in oil price in the second half of 2008, the oil price started to recover in 2009 along with normalising demand growth, driven by strong economic growth in China and India. This recovery continued in 2010 although the Macondo accident in the spring 2010 provided a temporary setback. By mid-year, the oil price had resumed its recovery, and by the end of 2010 the oil price had reached USD 90, significantly higher than the USD 70 level early 2010. The exploration and extraction activities are positively affected but lag the oil price recovery. The markets have now stabilised and there are firm signs of recovery. The large international oil companies increased their budgets by approx. 10% in 2010 and expects to increase E&P budgets by approx. 15% in 2011. This is expected to positively affect GC Rieber Shipping's market segments subsea, ice/support and marine seismic. In a longer perspective, the market outlook for GC Rieber Shipping's activities are considered to be 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.

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, as well as clean-up work after the hurricane Katrina in the US Gulf. In 2008 the market was subdued by capacity shortages with suppliers and oil companies followed by lower activity in 2009 arising from the financial crisis and a significant reduction in E & P spending. In 2010, we have experienced increasing demand in the subsea market, but rates and utilisation have remained subdued by overcapacity. The market is expected to strengthen from 2011, based on estimated increasing harsh & deepwater (H&D) pipeline activity. Increasing tender activity further substantiates this predicted development. New capacity is expected to be fully absorbed in the H&D market in 2012 and this may lead to higher rates as well, provided the industry is able to act in a disciplined manner with respect to adding new capacity. Strong long term growth is expected in the market for subsea operations, particularly in Latin America, Asia and West Africa, but also in the North Atlantic in the next 2-3 years.

The oil price decline end 2008 caused a turbulent 2009 in the marine seismic market, with deferred exploration (2D and 3D) and production (4D). 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. On the supply side, new capacity entering the market is still in the process of being absorbed, causing pressure on utilisation and rates. Several larger oil companies have signalled increases in the E&P budgets, indicating continued solid growth in the demand for seismic. Further absorption of new capacity will provide a better balance in the towed seismic market, and rates are expected to increase from 2012.

The Macondo accident caused expectations of a tougher regulation regime going forward. One effect was increased focus on security and monitoring of oil and gas production, and this is likely to trigger an increasing demand for permanent monitoring solutions (seabed seismic), particularly for environmental monitoring. The market for permanent monitoring solutions is also expected to benefit from the oil companies' focus on more optimal use of their budgets, which may lead to increasing emphasis on better utilisation of production from existing fields.

Long term, the company consider the market outlook within seismic (both towed and seabed seismic) to be good, driven by continued depletion with a corresponding demand for increasing the production from existing fields, as well as a demand for exploration and extraction of new fields.

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, especially in

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 IN THE VALUE CHAIN WITHIN SUBSEA & ESTABLISHING PRESENCE IN ASIA

2007: Acquisition of a 52% shareholding in Technocean

2008: Acquisition of 100% of Scan Mudring, a specialist within soil removal at the seabed

2008: Investment in four offshore new buildings – 51/49 JV – two vessels will be deployed within subsea

2008: Established ship management office in Singapore, Asia

2008: Acquisition of a 40% shareholding in Bluestone Offshore Pte Ltd – deepwater geotechnical analysis (core drilling)

2008: The shareholding in Technocean is increased to 58% in December 2008

2008-2009 / BUILD-UP WITHIN PERMANENT MONITORING & TOWED SEISMIC

2008: Established the permanent monitoring company Hexio (60% shareholding).

2009: Hexio changes name to Octio Group. Octio Group completes a successful offshore test of its Permanent Reservoir Monitoring system

2009-2010 / FLEET RENEWAL AND SECURING FINANCIAL PLATFORM FOR VALUE CHAIN INVESTMENTS

2009: Acquisition of 3D/4D vessel “Geo Atlantic” from PGS

2009: Acquisition of two subsea IMR new buildings from Sea4

2009: Two of the four new buildings contracted in 2008 were cancelled due to delays

2010: Reef Subsea established as 50/50 joint venture between GC Rieber Shipping and HitecVision. GC Rieber Shipping's stakes in Technocean (incl. Scan Mudring) and Bluestone transferred to Reef Subsea. Capital injection of NOK 195 million into Reef Subsea

2010: Sale of the "Polar Queen" to Acergy

2010: Established the marine seismic subsidiary Armada Seismic, which acquired two high capacity seismic newbuildings from the Factorias Vulcano yard through a NOK 850 million investment. A NOK 450 million private placement in Armada Seismic reduced. GC Rieber Shipping's shareholding in Armada Seismic to 65%

2010: GC Rieber Shipping settlement with JV partner Otto Marine ("Otto") concerning four offshore vessels contracted in 2008 (yn 7037-7040). Otto Marine takes ownership of three vessels, while GC Rieber Shipping takes ownership of one vessel -7040. Yn 7040 was sold to a third party in March 2011.

FLEET

Vessel	Built (year)	Type	Contract end (year)
Polar Explorer	1988/2004	2D/Source	2012
Ernest Shackleton	1995	Ice/subsea IMR	2014
Polar Prince	1999	Subsea IMR & light construction	2011
Geo Atlantic	2000/2006	3D/4D (10 streamers)	2013
Polarbjørn	2001	Ice/Offshore	2014
Polar Pevek	2006	Ice/tug	2021
Greatship Maya *	2009	MPSV / Geotechnical	2012
Polar King	2011	Subsea IMR & CSV	2014
Polar Duke	2011	3D/4D, 14 streamers	2016
yn 703	2011	Subsea IMR & CSV	
yn 533	2012	3D/4D, 14 streamers	2015
Polar Piltun	1998/2009	Crew boat	2013
Polar Baikal	2000/2009	Crew boat	2013

*On bare boat charter to GC Rieber Shipping

CORE INVESTMENTS & STRATEGIC VALUE CHAIN INVESTMENTS

CORE ACTIVITY			VALUE CHAIN
PROJECT DEVELOPMENT Strategy, technical, S&P / M&A	SHIP OWNER Financing, tax/structure, chartering	SHIP MANAGEMENT Technical, crewing, HSEQ	SUBSEA PERMANENT MONITORING (EOR)
100% OWNERSHIP	50-100% OWNERSHIP	100% OWNERSHIP	34-75% STAKE
95% of total assets			5% of total assets

Russian sector, but also in the Canadian and American sector. Lately we have also seen increasing attention to the potential in the Arctic, which is assumed to hold approx. 20% of the worlds undiscovered oil resources. Much of the oil is assumed to be found offshore Alaska. 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 develops, owns six and operates seven advanced, multifunctional special-purpose vessels for defined markets within subsea and ice/support and marine seismic. The multifunctional characteristics of the vessels allow them to be operated within several of the group's business areas and this flexibility entails a reduced risk exposure to market changes.

Furthermore, GC Rieber Shipping has two subsea IMR/CSV newbuildings ("yn 702" and "yn 703") for delivery in the first quarter 2011 and second half 2011. "yn 702" has now been renamed the "Polar King". GC Rieber Shipping also owns 65 % of Armada Seismic, which owns one high-capacity seismic vessel (the "Polar Duke") and has one high capacity seismic newbuilding ("yn 533") for delivery in the first quarter 2012.

Armada Seismic was established by GC Rieber Shipping in June 2010. Later in June, Armada Seismic acquired the new buildings yn 532 (later renamed the "Polar Duke") and yn 533 with a total investment of approx. NOK 900 million. Financing was secured through a private placement of NOK 450 million directed against GC Rieber Shipping and financial investors. GC Rieber Shipping's stake in Armada Seismic after the share issue is 65%. At the end of 2010, Armada Seismic entered into a five-year charter agreement with Dolphin Geophysical for the "Polar Duke". At the same time, an option for a three-year charter agreement for "yn 533" was entered into with the same charter.

GC Rieber Shipping is also in charge of the ship management of nine offshore vessels for other owners.

STRATEGIC VALUE CHAIN INVESTMENTS

GC Rieber Shipping has a strategy of expanding in the value chain within the oil service sector. 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 typically invests in companies in a build-up phase, which makes them exposed to general reductions in activities in the oil service segment. Thus GC Rieber Shipping seeks to balance exposure and control; typically stakes are in the range 34-60%. At year end 2010, 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 group of specialized companies offering a wide range of subsea services covering Subsea Construction & IRM, ROV and Survey Services and Seabed Dredging. Reef Subsea companies include Technocean, S^3 and Scanmudring. Reef operates mainly from Northern Europe (UK, Norway) and Singapore. Reef Subsea is a 50/50 joint venture between GC Rieber Shipping and HitecVision.

- OCTIO Group; is an integrated service supplier with sole focus on enhanced oil recovery (EOR) through permanent monitoring (PRM) and environmental monitoring of the seabed. GC Rieber Shipping has a 73% shareholding in Octio Group.

Reef Subsea and OCTIO Group 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), Yuzhno-Sakhalinsk (Russia) and Singapore. The presence in Singapore was established in 2008. The Singapore office is part of GC Rieber Shipping's market initiative in Asia, but will also be an important tool in recruiting marine crew for the group's vessels – which is easier accessible and more cost effective in Asia

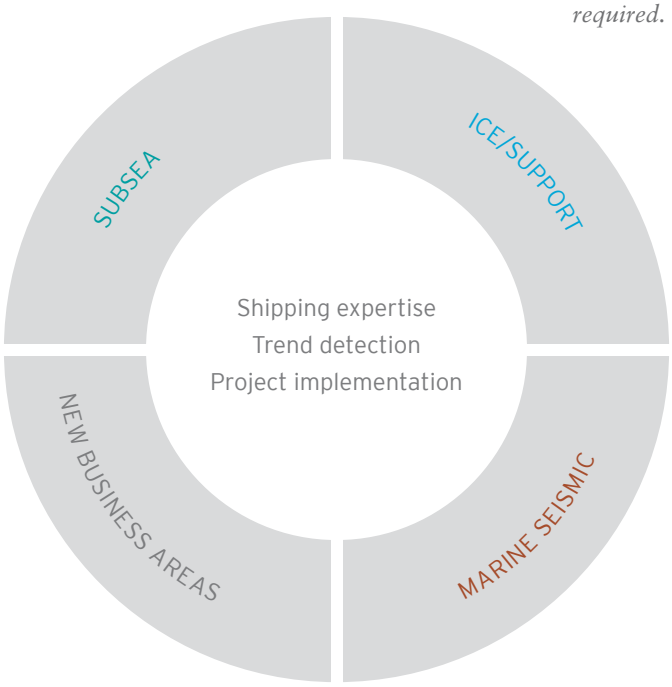
GC RIEBER SHIPPING ASA

NORWAY	ENGLAND	RUSSIA	SINGAPORE
38 employees Shipowner Ship Management & Project 30 employees seabed seismic (Octio)	14 employees Ship management	6 employees Ship management	7 employees Ship management
135 marine crew			

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 permanent reservoir monitoring. Utilize knowledge and network/relations

than in Western Europe. 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, Singapore and Russia.

PERSONNEL

GC Rieber Shipping has a simple and flexible organisation with 95 employees onshore and approximately 135 offshore, including subsidiaries.

COMPETENCE

GC Rieber Shipping has a unique competence on maritime operation of vessels in harsh environments, as well as design, development and maritime operation of seismic vessels and subsea operations. 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.

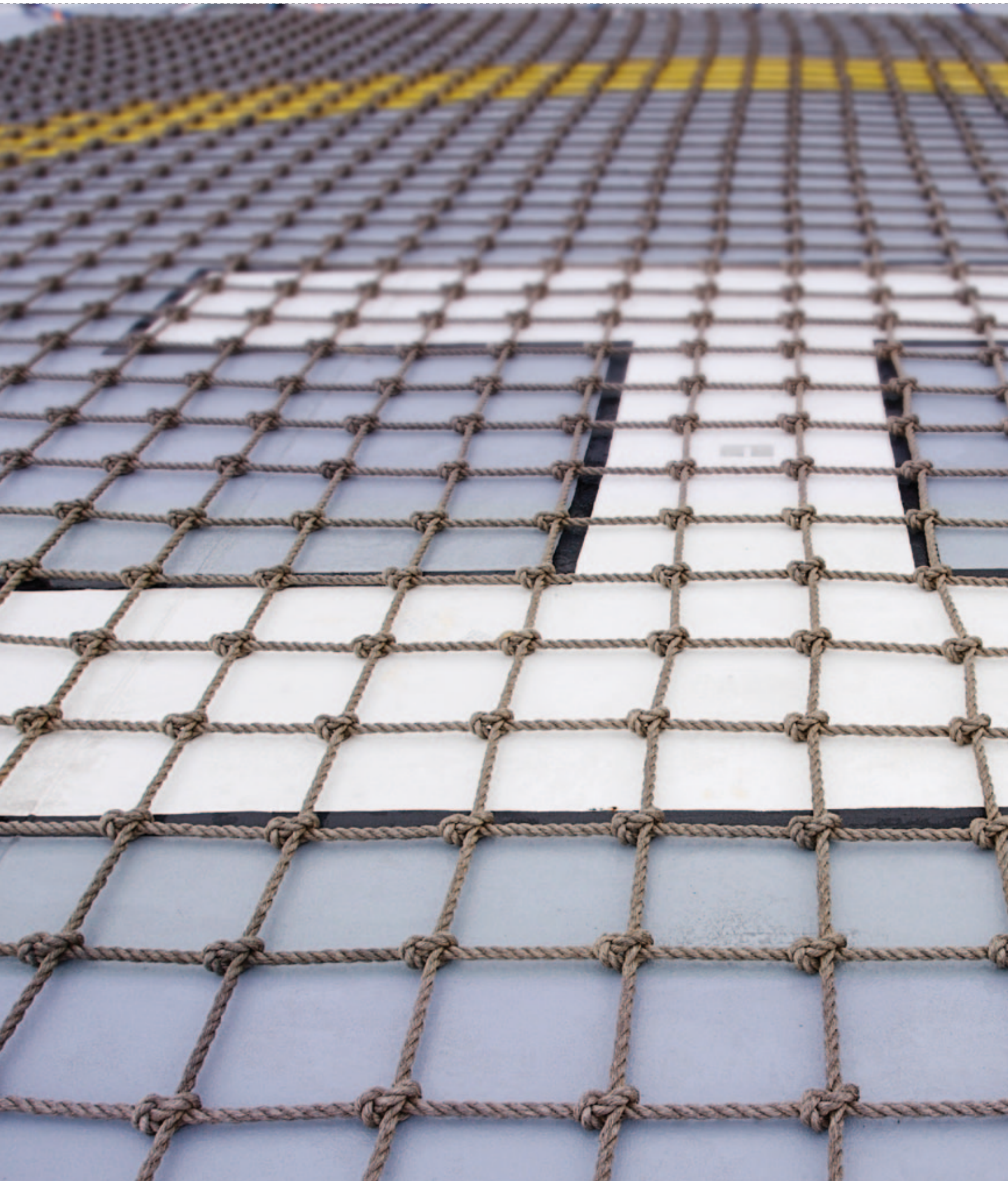
STRATEGY

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 basic principles of the company's strategy will be carried on going forward and the company will continue to expand in the value chain within oil service. By utilising partnering and joint ventures GC Rieber Shipping may, with limited risk exposure, build competence which provides a platform for further expansions in the value chain.

Within ice/support, GC Rieber Shipping will continue to develop its activities and investments within support vessels for the oil & gas sector in Russian waters, as well as possibly in the American and Canadian sector.

The company has a solid equity ratio, liquidity and well established bank relations, which gives access to long-term financing at favourable terms.



/ STRATEGIC VALUE CHAIN INVESTMENTS - REEF SUBSEA

Reef Subsea is a young and dynamic subsea services contractor to the Oil & Gas and Renewable Energy markets. 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. Our 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, S³ and Scanmudring.

Technocean (76% owned) 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.

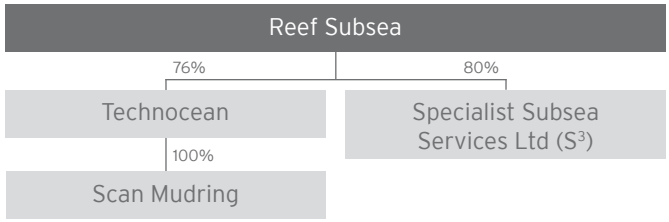
Scan Mudring (100 % owned subsidiary of Technocean) is a specialist provider of subsea dredging services based in Mandal, Norway. The company has a track record of executing successful projects in deep water, with difficult operating conditions and in areas with restricted access.

Specialist Subsea Services Ltd (S³) (80 % owned) is based in Aberdeen, UK and was acquired by Reef Subsea in December 2010. S³'s expertise and core capabilities are ROV's, Survey, geotechnical and subsea intervention management services within the offshore oil and gas and renewable industry.

MARKET

The market for subsea operations grew strongly from 2004 to 2007. In 2008 the market was subdued by capacity shortages with suppliers and oil companies followed by lower activity in 2009 arising from the financial crisis and a significant reduction in E & P spending. In 2010, there has been a flat to slightly positive development in the subsea market, but rates and utilisation have remained subdued due to overcapacity. The market is expected to strengthen from 2011/12, based on estimated increasing harsh & deepwater (H&D) pipeline activity. Increasing tender activity further substantiates this predicted development.

REEF SUBSEA - CORPORATE STRUCTURE



/ STRATEGIC VALUE CHAIN INVESTMENTS - OCTIO GROUP

OCTIO Group is an integrated service supplier with sole focus on enhanced oil recovery (EOR) and environmental monitoring of the seabed. GC Rieber Shipping holds a 73% stake in OCTIO Group, while Statoil Venture AS holds a 17% stake and Reservoir Innovation holds a 10% stake.

BUSINESS & ORGANISATION

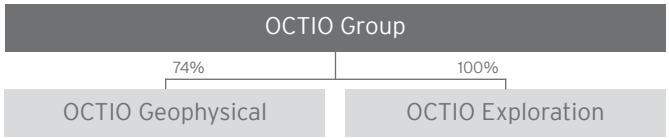
OCTIO Group is a leading provider of technology and services for monitoring the dynamic parameters in the oil and gas reservoirs for Enhanced Oil Recovery (EOR) and seabed environmental monitoring. OCTIO Group delivers a complete set of services including reservoir evaluation, technology implementation, data acquisition, data processing & interpretation and EOR recommendations.

OCTIO Group is headquartered in Bergen (Norway), with sales offices in Houston and Brazil. The group is currently organised in two business areas: OCTIO Geophysical (74% owned subsidiary where ION Geophysical holds the remaining 26%) and OCTIO Exploration (100% owned). OCTIO Geophysical is dedicated to permanent monitoring of oil and gas fields with the aim of increasing reservoir utilisation. OCTIO Exploration delivers traditional streamer seismic data acquisition services in the towed streamer market.

MARKET

Permanent 4C/4D monitoring is estimated to increase recovery rate on existing oilfields by 1-5%. Although in its infancy, the market for permanent monitoring of oil & gas reservoirs is expected to grow strongly in a longer perspective, as better utilisation of existing oil & gas reservoirs will be essential to compensate for the reduction in new exploration fields as well as being a more cost effective and environmental friendly solution. The Macondo accident in the spring 2010 caused expectations of a tougher regulation regime going forward. One effect was increased focus on security and monitoring of oil and gas production, and this is likely to trigger an increasing demand for permanent monitoring solutions (seabed seismic), particularly for environmental monitoring.

OCTIO GROUP - CORPORATE STRUCTURE



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's operational targets. The group's slogan is:

"Safe Competent Support"

We work continuously to raise the consciousness of our core values Creativity, Diligence and Responsibility. Our core values and focus on leadership principles have been the main topic at officer conferences in 2010. The group has a strong focus on turnover and the working environment. Quarterly review of KPI's is a dynamic tool for continuous improvement.

The HSEQ work is defined as a vital and integrated part of our operations, where all members of the organisation have responsibilities both onshore and offshore. Loyalty to company systems and procedures is extremely important as we aim to follow industry standard and raise our quality focus. Through common targeted efforts the group's customers, owners and society shall perceive the group to be safely operated, providing services of high quality and achieving good earnings.

The group's ship management companies are certified by classification companies according to International Safety Management Code (ISM) and International Ship & Port Facility Code (ISPS). GC Rieber Shipping's ship management companies have Document of Compliance from a number of flag states.

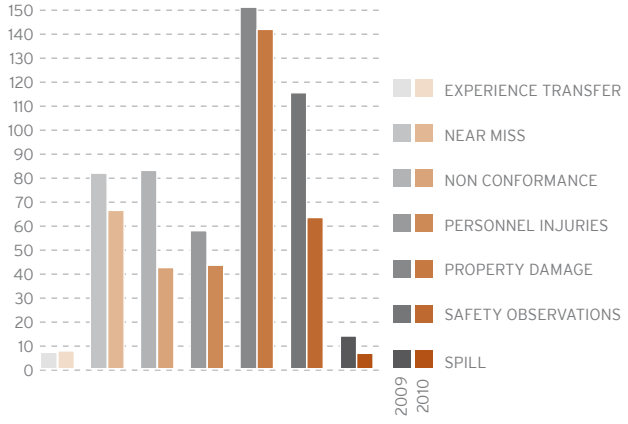
HEALTH

The oil industry sets the standard with respect to health, and this standard is adopted by the shipping/offshore industry. For GC Rieber Shipping, interfacing with oil related business also leads to organizational requirements. It is demanding to comply with the industry standard. The company monitors annual key targets for Health in the form of KPIs. In addition, training has been carried out with focus on individual health and nutrition.

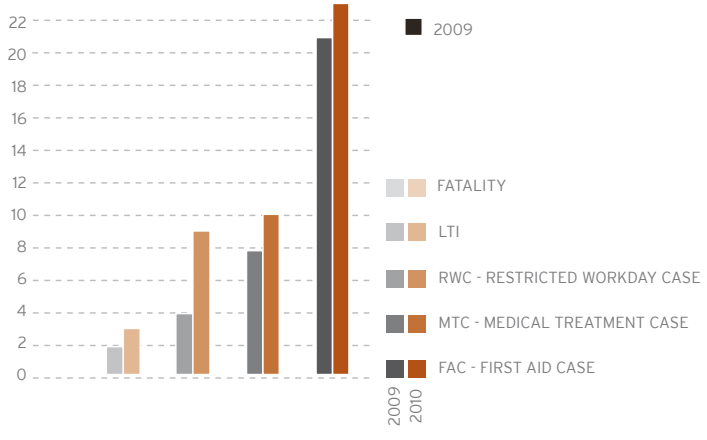
During 2010 three Lost Time Incidents (LTI), resulting in work absence, were registered. All incidents are reported and analyzed with the purpose of establishing measures to prevent recurring incidents of the same nature. Experience Feedback to all vessels and offices are thus important and 23 relevant Experience Feedbacks were issued during 2010, based on occurrences on own vessels.

In addition, the group has distributed 139 External Bulletins based on occurrences and new regulations from external organisations.

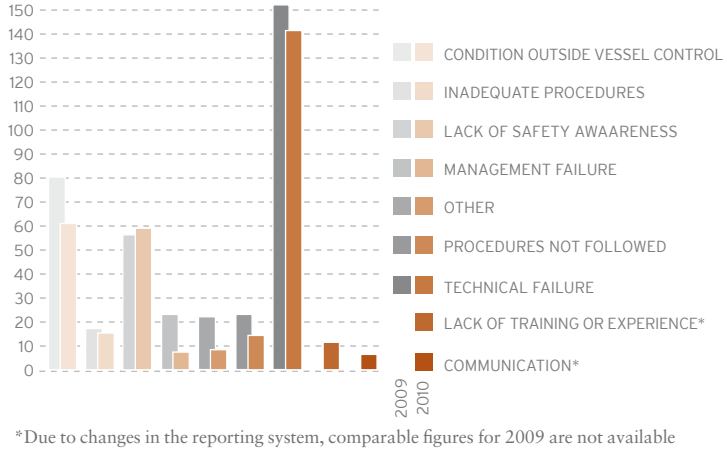
TOTAL REPORTS BY MAIN CATEGORY 2010



PERSONNEL ACCIDENTS/INJURIES 2010



TOTAL REPORTS BY ROOT CAUSE 2010



*Due to changes in the reporting system, comparable figures for 2009 are not available

Sick leave in 2010 amounted to 1.9 % in the onshore organisation and 5.1 % among offshore crew.

ENVIRONMENT

Protecting the environment is a main challenge for the shipping industry. The Company aims to have a proactive attitude towards environmental improvements and has decided to comply with ISO 14001 environmental standards. Certification frame agreement with DNV is established and target for certification is within mid-year 2011. New buildings and projects are built according to existing requirements and upcoming environmental rules.

The group's policy reflects the Norwegian Shipowners Association's vision of zero emission to sea and air. We have developed a new environmental program to monitor emissions to air. This system also calculates the Nox tax applicable amount. During 2010 two minor oil spills to sea was reported - measures are taken to avoid recurrence of these incidents.

SAFETY

The group has a strong focus on safety. Risk Management and Risk Analysis is a major part of the proactive work to avoid danger for crew, equipment and environment. A risk assessment course for all Officers was arranged in 2010 with focus on how to assess risk and how to handle Risk Management.

Safety is not only about personal protection, but also concerns the group's assets. When it comes to safety we are conscious of the importance of continuous motivation and adaptation. The company has one vessel in operation in Nigeria. Prior to this assignment a major risk assessment together with customer was completed. The risk assessment revealed that the onshore part of crew change is the most critical. Measures have been taken with focus on safety and security.

QUALITY

The Company procedure database is constantly updated. Procedures are updated based on feedback from crew and new rules and regulations. The Company has a strong focus on building common systems in the group. General findings from class and Port State Control were again reduced compared to earlier years. Annual verification from class regarding Document of Compliance shows that the Company improves their systems and has focus on documentation. The Company targets ISO 9001 certification, and a standard frame agreement for the certification has been established autumn 2010 with DNV.

The group runs a high quality fleet, with stable operations and limited technical downtime. During the period 2003-2010 the technical downtime on the fleet was 0.6%.

New requirements for the industry have been introduced during 2010. Offshore Vessel Management Self Assessment (OVMSA) is in focus and the company will strive to comply with a high level on this standard.

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".

The group 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.


POLAR KING
POLAR KING

/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 Corporate Governance Board (NCGB) published a revised version of the Norwegian Code of Practice for Corporate Governance on 21 October 2010, replacing the edition of 21 October 2009. The NCGB consists of representatives for various stakeholders, such as shareholders, issuers and the stock exchange. Below is a report on how the company handles the topics covered in the Norwegian code of practice.

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.

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, 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. Through strategic value chain investments the group has substantial knowledge and experience within subsea and marine seismic.

GC Rieber Shipping currently owns six and operates seven advanced multifunctional special purpose vessels for defined markets within the subsea, ice/support and marine seismic segments. GC Rieber Shipping has two subsea IMR/CSV newbuildings for delivery in 2011. GC Rieber Shipping also owns 65 % of Armada Seismic, which owns one high-capacity seismic vessel and has one newbuilding for delivery in the first quarter 2012. The group's strategic value chain investments include the subsea services company Reef Subsea (50 % stake) and the company Octio (73 % stake) which is in the business of permanent reservoir monitoring. GC Rieber Shipping is also in charge of marine ship management for nine offshore vessels for other owners.

The company has its registered office and is headquartered in Bergen with ship management companies in Sevenoaks (England), Singapore and Yuzhno-Sakhalinsk (Russia), which provides international presence. 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 2010 was NOK 1,794 mill. , corresponding to a book equity ratio of 57%.

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 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 2010 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 2010.

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 2011 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 2010, 14 board meetings were held, compared with 13 meetings in 2009, of which 2 of the board meetings were by telephone. Attendance at board meetings in 2010 was 97%, compared with 92% in 2009.

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. Internal control of operating companies is carried out according to existing regulations. The company emphasize quality assurance.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The company's board of directors received a total remuneration of NOK 710,000 in 2010. The remuneration for each board member in 2010 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.

The chief executive officer (CEO) Sven Rong deceased in August 2010 and subsequently Hans Petter Klohs was appointed Acting Chief Executive Officer. CEO Rong received in 2010 a salary of NOK 882,000, as well as car allowance and other compensation of NOK 94,000. The acting CEO and CFO, Klohs, received a salary of NOK 1,328,000, and other compensation of NOK 20,000. The pension premium for the CEO and acting CEO amounted to NOK 190,000 and NOK 120,000 respectively in 2010. 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. No agreements have been entered into with the managing director or 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 the 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 2010

The oil service market stabilised in 2010, based on increased budgets for exploration and extraction, supported by an improvement in the world economy, rising oil prises and increased access to financing. Considerable access to new capacity has however resulted in a fierce price competition with falling margins and lower employment rates.

GC Rieber Shipping reported reasonably positive results and earnings from core activities in 2010, despite a continued turbulence in the market. Focus on cost reduction has contributed to an improvement of the operating margin from 38 % in 2009 to 44 % in 2010. The company's value chain investments generated loss, however, despite restructuring measures and focus on costs, mainly due to a sizable loss on accounts receivables relating to the associated company Reef Subsea. The group's net profit was NOK 147 million, from operating income of NOK 561 million for the year. The profit includes a gain from the sale of the "Polar Queen" of NOK 272 million, and write-downs of NOK 93 million. In addition, the net profit includes NOK 52 million in tax costs due to entry into the settlement regime for the groups tonnage taxed companies.

The investment programme launched in 2009 relating to fleet renewal and rebalancing of the portfolio, was continued in 2010 and will be completed in the first quarter 2012. This will give the group an attractive fleet of modern "high end" vessels for operations in the marine seismic, subsea and ice segments. By entering into a joint venture with HitecVision the group has established an ownership structure for the value chain investment within the subsea segment, Reef Subsea, which ultimately ensures complementary skills, risk sharing and a financial platform for further growth.

Market outlook for the group's main segments – subsea, ice/support and marine seismic – is regarded as strong in the long perspective, driven by a continued drop in oil production and corresponding need to increase production on existing fields, as well as a need for exploration and extraction of new petroleum resources. In the short to medium term, however, the group expects the weak development to continue due to postponements of large-scale subsea projects and exploration and extraction projects, as well as phase-in of new tonnage. The group is optimistic in terms of market outlook for the subsea and seismic segments as of the year 2012.

As part of the implementation of the investment programme relating to fleet renewal and rebalancing of the portfolio for 2009-2011, the board of directors has emphasised the importance of introducing measures and entering into agreements that serve to maintain the group's solid financial position reflected in its good liquidity, low gearing and the long contract coverage for several of the group's vessels. This is expected to give strategic room for manoeuvre and competitive advantages in the years to come.

2010 was a year of unprecedented events for the group, its employees and representatives. It was with great sadness that the board of directors received the news that Sven Rong had died unexpectedly during a walk in the mountains on 10 August 2010. Sven Rong served GC Rieber Group for more than 35 years. In 1994 he was appointed CEO of GC Rieber Shipping, and his dedication, vast knowledge and untiring efforts turned GC Rieber Shipping into a highly recognised player within the ice, seismic and subsea segments.

Following a broad and thorough process, GC Rieber Shipping ASA appointed Irene Waage Basili (43) as the company's new CEO, assuming the position in mid March 2011. Basili holds a degree in Business Administration from Boston University, and logs approximately 20 years of experience within the shipping and oil service business, both in commercial, strategic and operational positions.

Hans Petter Klohs, who has been the acting CEO since August 2010, will resume his permanent position as CFO in mid March 2011. The board of directors would like to thank Klohs for his thorough and intensive contribution during these distressing times for the company. A number of complex issues have been solved and opportunities have been translated into good business for the company. The entire management team and organisation as such have all supported the company whole-heartedly, for the benefit of everyone involved.

OPERATIONS AND STRATEGY

GC Rieber Shipping's operations within the offshore/shipping business 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 seismic vessels. Through strategic value chain investments the company has substantial knowledge and experience within subsea and marine seismic activities.

GC Rieber Shipping currently owns six and operates seven advanced, multifunctional special purpose vessels for defined

markets within the subsea, ice/support and marine seismic segments. GC Rieber Shipping has two subsea IMR/CSV newbuildings for delivery in 2011. GC Rieber Shipping also owns 65 % of Armada Seismic, which owns one high-capacity seismic vessel and has one newbuilding for delivery in the first quarter 2012. The group's strategic value chain investments include the subsea services company Reef Subsea (50 % stake) and the company Octio (73 % stake), which is in the business of permanent reservoir monitoring. GC Rieber Shipping also manages nine offshore vessels for other owners.

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

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, also through public listings and spin-offs. 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/4D seismic vessels via the subsidiary Armada Seismic (65 % stake).
- Utilize the long-term growth market for subsea installations by owning and operating high-quality subsea IMR and construction vessels (CSV), and to expand within the value chain by committing to the growth of Reef Subsea.
- Strengthen ownership and maritime management of ice/support vessels for the oil and gas sector in Russian offshore areas, and evaluate opportunities in offshore American and Canadian Arctic areas.
- Evaluate the company's investment within the field of permanent reservoir monitoring through the subsidiary Octio.
- Financial and project oriented approach to new activities that build on the group's existing competence and fit into the group's strategy and structure.

IMPORTANT ASPECTS OF 2010

The investment programme relating to the fleet renewal and rebalancing of the portfolio was carried on into 2010. The investment programme was initially launched in 2009 and is scheduled to be completed in the first quarter 2012. During 2010 the group has also established an ownership structure for the value chain investment in the subsea segment, Reef Subsea, ensuring complementary skills, risk sharing and a financial platform for further growth.

The investment programme relating to the fleet renewal and rebalancing of the portfolio was initially launched in 2009 through the acquisition of the 3D/4D vessel "Geo Atlantic" as well as acquisition of contracts for two subsea CSV/IMR newbuildings (nos. 702 and 703). The investment programme was carried on into 2010:

- In May 2010 GC Rieber Shipping acquired the 2D vessel "Polar Explorer" (formerly "Geo Explorer") from it's subsidiary Octio. The vessel is chartered to the seismic company GXT for the period May – October 2010. In December 2010 a 12-month charter agreement with Dolphin Geophysical for the "Polar Explorer" was entered, effective January 2011. The agreement includes an option to extend the contract by a maximum of four years.
- GC Rieber Shipping's subsidiary Armada Seismic entered into agreements in June 2010 to acquire the two seismic newbuildings 532 (now called the "Polar Duke") and 533 at a total investment of approximately NOK 900 million. Financing was secured through a private placement of NOK 450 million directed against GC Rieber Shipping and financial investors. GC Rieber Shipping's stake in Armada Seismic after the share issue is 65 %. In December 2010 Armada Seismic entered a five-year charter agreement with Dolphin Geophysical for the "Polar Duke", starting April 2011, as well as an option for a three-year charter contract for 533. The "Polar Duke" will be upgraded to 14-streamer capacity, and the work is expected to be completed in April 2011. Delivery of newbuilding 533 is scheduled for the first quarter 2012.
- The subsea CSV vessel "Polar Queen" was sold to Acergy in May 2010, with a booked net gain of NOK 272 million.
- In November 2010 GC Rieber Shipping entered into an agreement with Otto Marine ("Otto") to dissolve the 51/49 joint venture companies Polar Marine I and Polar Marine II. Polar Marine I and II originally owned four newbuilding contracts (nos. 7037-7040) but cancelled newbuildings 7037 and 7038 in 2009 due to substantial delays at the ship yard. According to the agreement with Otto, the joint ventures were dissolved and Otto assumed ownership of the vessels 7037, 7038 and 7039. At the same time the arbitration relating to 7037 and 7038 was withdrawn without any expenses on the part of GC Rieber Shipping. GC Rieber Shipping acquired the purchase contract for newbuilding 7040, involving an investment of nearly NOK 300 million.

During 2010 the group also secured financing for the group's value chain investments in the subsea and seismic segments:

- At the beginning of 2010 the group's value chain investment in the subsea segment (Technocean, Bluestone Offshore and Scan Mudring) was restructured and transferred to the subsea

services company Reef Subsea – a 50/50 joint venture between GC Rieber Shipping and HitecVision. The restructuring process involved a capital increase amounting to NOK 195 million in the companies Technocean and Bluestone Offshore via the parent company Reef Subsea. In the challenging market conditions that characterised 2010, Reef Subsea failed to generate positive results, but the company is well positioned for the anticipated growth in the subsea segment in 2011.

- The subsidiary Octio's capital base and working capital were increased in June 2010 through a conversion of debts amounting to approximately NOK 49 million, as well as the drawing of new convertible loan of NOK 25 million from existing shareholders. The transactions have raised GC Rieber Shipping's stake in Octio to 73%. Octio will in now focus on continued growth within the company's core segment, i.e. permanent monitoring of oil and gas fields to ensure both increased extraction and a reduction of environmental and safety risks. The company is in an early commercialisation phase and is expected to generate negative results in the short to medium term.

Investments and disposals in 2010 have contributed to rebalancing the portfolio with a greater emphasis on marine seismic activities. At the same time the group is still favourably positioned toward the subsea segment with two newbuildings entering the market in the course of 2011. Value chain investments in Reef Subsea are also secured through the company's capital structure and existing competence, giving room for growth in the future. In sum, the group has established a robust platform to utilise the anticipated growth in the oil service market in the years to come, and at the same time maintaining the group's solidity and financial flexibility.

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	31.12.2010	31.12.2009
Operating income	561.2	668.5
EBITDA	175.9	167.3
EBIT	246.3	-0.4
Net financial items	-38.2	-60.8
Profit before tax	208.2	-61.2
Taxes	-61.2	139.2
Net profit	147.0	78.1
Net profit	147.0	78.1
Non-controlling interests' share	1.7	38.4
Profit for the period	148.7	116.5
Normalised profit before taxes (1)	3.8	3.0

1) Profit before taxes adjusted for unrealised currency gains/losses, sales gains and write-downs (including write-downs in associated companies). EBIT for 2010 includes a sales gain of NOK 272 million from the disposal of the vessel "Polar Queen".

In the following comments, comparative figures as at 31 December 2009 are given in parentheses.

PROFIT AND LOSS

The group's charter income and other operating income in 2010 amounted to NOK 561.2 million (NOK 668.5 million), operating profit before depreciation, write-downs and gains on sale of fixed assets (EBITDA) amounted to NOK 175.9 million (NOK 167.3 million), while the operating profit (EBIT) amounted to NOK 246.3 million (NOK -0.4 million). Operating profit in 2010 was influenced positively by a sales gain of NOK 272.4 million from the sale of the "Polar Queen" 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 -38.2 million (NOK -60.8 million). The group's loss before tax in 2010 was NOK 208.2 million (NOK -61.2 million).

Net profit for the group amounted to NOK 147.0 million (NOK 78.1 million), and the non-controlling share in the profit amounted to 1.7 million (NOK 38.4 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 have adopted to transfer to the settlement regime. In 2009 a discounted tax expense of NOK 128.2 million was booked as a result of the Norwegian Supreme Court's ruling to sustain the shipping companies' claim that the transitional rules adopted by the Norwegian parliament in December 2007 concerning the transition from the old to the new tonnage tax regime, is in conflict with section 97 in the Norwegian Constitution.

Earnings and diluted earnings per outstanding share amounted to NOK 3.41 (NOK 2.67).

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 2010 amounted to NOK 156.1 million (NOK 80.4 million), cash flow from investment activities was NOK -307.2 million (NOK -1 013.9 million), while cash flow from financing activities totalled NOK 321.7 million (NOK 552.6 million). Cash flow from investments is mainly concerned with instalments to shipyards for subsea newbuildings (702/"Polar King" and 703), as well as acquisition of newbuilding 532, now known as "Polar Duke". Cash flow from financing activities is mainly related to long-term loans drawn to acquire the seismic newbuilding "Polar Duke" and mortgage loans drawn for the subsea newbuildings, as well as payment of debts in connection with sale of the "Polar Duke".

ASSETS, EQUITY, DEBT AND LIQUID ASSETS

The group's total assets as at 31 December 2010 amounted to NOK 3,163.2 million (NOK 2,880.5 million) while total assets in GC Rieber Shipping ASA amounted to NOK 1,204.1 million (NOK 1,267.6 million).

Goodwill in the group relating to the acquisition of the subsidiary Octio AS as well as R&D was written down by NOK 56.8 million in 2010. Vessels and vessel equipment during the year was written down by NOK 35.9 million. This is mainly related to the vessel "Polar Explorer", which was written down when the vessel was acquired from the subsidiary Octio (73 %) in May 2010. For additional information please refer to notes 11 and 12 in the group's financial statements. GC Rieber Shipping ASA carried out a write-down of the investment in Octio AS amounting to NOK 141.6 million in 2010. Booked value as at 31 December 2010 is NOK 20.2 million, corresponding to GC Rieber Shipping ASAs share of the Octio group's equity as at 31 December 2010.

The group's booked equity as at 31 December 2010 was NOK 1,794.3 million (NOK 1,545.0 million) while booked equity for GC Rieber Shipping ASA was NOK 768.6 million (NOK 851.8 million) and includes NOK 633.7 million (NOK 725.0 million) in other (distributable) equity.

Average interest-bearing liabilities in 2010 amounted to NOK 1,081.8 million (NOK 673.7 million) and average interest rate on the loan portfolio was 4.42 % (4.38 %). The average interest rate level is essentially unchanged from 2009. 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 2010, these agreements have led to an increase in interest expenses of NOK 7.1 million. Lenders include recognized Norwegian and international shipping banks. During 2010, NOK 457 million in new loans have been drawn. Payment of long-term liabilities and available credit facility amounts to NOK 349 million. The group's liquid assets in terms of bank deposits and interest-bearing securities as at 31 December 2010 amounted to NOK 532.4 million (as at 31 December 2009: NOK 361.8 million). In addition the group had NOK 50 million (NOK 0.0) available under a revolving credit facility as at 31 December 2010. 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 609.2 million as at 31 December 2010, compared with net interest-bearing liabilities of NOK 661.6 million as at 31 December 2009. GC Rieber Shipping ASA had net interest-bearing liabilities of NOK 405. 8 million as at 31 December 2010, compared with net interest-bearing liabilities of NOK 279.2 million as at 31 December 2009.

FOREIGN CURRENCY SITUATION

The group's reporting follows the accounting principles adopted by the EU in the International Financial Reporting Standards (IFRS). The group does not use hedge accounting for its financial instruments, and in accordance with the international accounting standard IAS 39 changes in the market value of financial hedging instruments are recognised in the profit statement. The value of the group's portfolio of financial hedging instruments had a positive development of NOK 13.9 million in 2010.

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 the translation differences in profit as unrealized currency gains/ losses.

As at 31 December 2010 the group's equity has been reduced by NOK 43.3 million compared with 31 December 2009 due to translation differences in companies with USD as functional currency. This drop is mainly caused by translation differences on investments in the subsidiary Armada Seismic, which was established in June 2010 at a USD/NOK exchange rate higher than the exchange rate as at 31 December 2010.

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:

	2010	2009
Final exchange rate 31.12	5.86	5.78
Average exchange rate	6.04	6.29

Net financial items for 2010 include NOK 29.4 million unrealized currency gain (2009: unrealized gain of NOK 8.7 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.

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.

GC Rieber Shipping aims to reduce the exposure to market fluctuations by ensuring the most suitable balance of long- and short-term 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. Recently, 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. Seen as a whole the group's credit risk is therefore regarded as higher than in previous years.

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 532 million as at 31 December 2010) which is mainly held in NOK as well as interest-bearing liabilities (NOK 1 141.6 million as at 31 December 2010) also 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 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. Following the demand-driven drop in the price of oil during the last half of 2008, with prices just below USD 40 per barrel, the oil price climbed steadily to USD 70 per barrel towards the end of 2009, based on an increasing demand driven by a strong economic growth in China and India. These factors have continued to bring the price level for oil upward in 2010, despite the temporary setback caused by the Macondo-accident in the spring of 2010. At year-end the price of Brent Blend stood at USD 90 per barrel. The oil companies' exploration and extraction budgets are however still affected, though somewhat delayed, by the fluctuations in the price of oil. The large international oil companies have increased their budgets by about 10 % in 2010, and have predicted an equally strong growth for 2011. This is positive for GC Rieber Shipping's market segments subsea, ice/support and marine seismic.

The demand for shipping services peaked in 2007. Half way through 2008 the market started to decline, and remained weak into 2009. In 2010, however, demand started to show

an upward-moving trend. The growth in demand for 2010 has however not been sufficient to cause rates to increase, as markets are still struggling to absorb new tonnage due to the contracting boom that took place before the outbreak of the global financial crisis in 2008. A reduction in new contracts will in time minimise the effect of the reduced demand for shipping services within the group's segments, but in the short to medium perspective overcapacity will continue to put a strain on the rates in the market.

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

Vessels are operating satisfactorily without any significant technical downtime. The employment rate for vessels owned operated by GC Rieber Shipping has been 89 % in 2010. The contract situation is considered to be good, with six out of seven vessels, as well as two crew boats, on long-term contracts with good operational margins.

As at 31 December 2010 the group had through its portfolio of charter parties for vessels a contract backlog of NOK 1,766 million, with an average contract duration of 2.9 years. Contract coverage for 2011-2013 is 74 %, 57 % and 59 % respectively. All figures exclude charterers' extension options.

SUBSEA

Following the record-high year of 2007, activities in the market for subsea operations has levelled off, initially due to capacity problems among suppliers and oil companies, and later also as a result of the financial crisis and the subsequent reduction in exploration and extraction budgets. In the course of 2010 demand again started to improve, but the rate development has been weak due to prevailing overcapacity. Demand is expected to grow in 2011, based on planned seabed pipe-laying activities. This is supported by an increase in public tender activity. 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, particularly in Latin America, Asia and West Africa – and for the next 2-3 years also the northern parts of the Atlantic Ocean.

At the beginning of 2010, group's value chain investments in the subsea segment were transferred to Reef Subsea, a 50/50 joint venture between GC Rieber Shipping and HitecVision. New equity amounting to NOK 195 million was injected into Reef Subsea, of which GC Rieber Shipping contributed NOK 35 million and HitecVision NOK 160 million. The capital injection enabled Reef Subsea to finance growth in the subsidiaries Technocean, Bluestone and Scan Mudring. Reef Subsea strengthened its management in 2010 by appointing a new CEO and a new CFO with a solid background and experience from Acergy and Technip. In the challenging market conditions that characterised 2010, Reef Subsea failed to generate positive contributions, mainly due to a NOK 40 million in loss on receivables that the subsidiary Technocean had in the client Subocean. Subocean was put under administration at the end of January 2011, and Technocean has since entered into a contract with Subocean's end client Fluor for work in connection with installation of offshore wind farms for a period up until July 2011. The underlying operations in Reef Subsea are good, however and the company is favourably positioned for the anticipated growth in the subsea market ahead.

GC Rieber Shipping has two subsea vessels for delivery in 2011. The IMR/CSV newbuildings 702 (now called "Polar King") and 703 under construction at the Freire shipyard in Spain for delivery in April 2011 and the autumn 2011, respectively. The "Polar King" is scheduled for employment on a three-year charter contract with Technocean immediately after delivery.

As part of the group's strategy to rebalance the fleet, the "Polar Queen" was sold to Acergy, with a booked net gain of NOK 272 million.

Employment rate for the remaining vessels in the group's fleet within the segment has been good throughout 2010. The "Polar Prince" has been chartered to Technocean, employed for subsea operations for Subocean. In addition to its main commission, the "Ernest Shackleton" has been employed mainly in the North Sea through the compulsory four-month period that the ship has been available. The "Polarbjørn" was chartered to an Australian oil company in the first quarter 2010, and has mainly been employed in the spot market since. The "Greatship Maya" (on bare-boat charter) has been sub-chartered to Bluestone Offshore throughout 2010.

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2010 amounted to NOK 88.3 million (2009: NOK 106.1 million). The vessels "Polarbjørn", "Polar Prince", "Polar Queen" (until May) and "Ernest Shackleton" (for the period of May - September) have been employed in this segment with an employment rate of 90 % (87 %).

MARINE SEISMIC

TOWED SEISMIC OPERATIONS

Following a turbulent year in the market for seismic operations in 2009 with postponements of exploration projects (2D and 3D) and extraction projects (4D) as a result of the drop in oil prices towards the end of 2008, the market began to return to normal in the beginning of 2010. The Macondo accident in the spring 2010 put a temporary damper on the growth in demand, but

the situation showed signs of recovery towards the end of 2010. The growth in demand has however not been strong enough to absorb new capacity entering the market. Outlook for 2011 is positive, with several leading oil companies signalling increased exploration and extraction budgets. Further absorption of new capacity will provide a better balance between supply and demand, which is expected to generate higher rates from 2012.

As part of the group's process to renew and rebalance it's fleet, GC Rieber Shipping has re-established its seismic fleet during 2009 and 2010. Armada Seismic was founded as a subsidiary of GC Rieber Shipping in June 2010. Following a capital injection of NOK 450 million through a private placement, GC Rieber Shipping has a 65 % stake in Armada Seismic. In June Armada Seismic, acquired the two high-capacity seismic newbuildings 532 (now called "Polar Duke") and 533. GC Rieber Shipping also assumed ownership of the Geo Explorer" (now called "Polar Explorer") from its subsidiary Octio in May 2010.

The "Polar Explorer" has been chartered to the oil service company GXT until October, with activities east of Greenland. In January 2011 the vessel embarked on a 12-month contract with Dolphin Geophysical. The "Geo Atlantic" is chartered to Fugro until October 2013, with a charterers' option to extend the contract until 2017, and has been employed in Australia since the start of the contract. The newbuilding "Polar Duke" entered a five-year charter contract with Dolphin Geophysical starting in April 2011. For this the vessel will be upgraded to 14-streamer capacity. In December 2010 the group also entered a three-year charter contract with Dolphin Geophysical for newbuilding 533. The option must exercised by 1 November 2011. Newbuilding 533 is scheduled for delivery in the first quarter 2012.

SEABED SEISMIC

As in the case of towed seismic, activities within seabed seismic are also expected to be marked by the after effects of the low oil prices at the beginning of 2009, with corresponding postponed extraction and exploration projects. The Macondo accident in the spring of 2010 gave reason to expect a more stringent regime in terms of regulation and requirements for oil companies. This led to more focus on safety and monitoring of oil and gas production, which is expected to contribute to increased demand for permanent solutions for reservoir monitoring, environmental monitoring in particular. The oil companies' focus on a more optimal use of exploration and extraction budgets also leads to greater focus on expanding production of existing fields, which gives reason to expect increased focus on permanent monitoring of existing oil fields. In the longer perspective market outlook within seabed seismic is regarded as positive, driven by a continued drop in oil production (depletion) and corresponding need to increase extraction on existing fields.

GC Rieber Shipping is involved seabed seismic activities through its subsidiary Octio. The company is still in an early phase, and negative results should be expected for the nearest future. In June 2010 Octio's capital base and working capital was strengthened through a conversion of liabilities of approximately NOK 49 million, as well as drawing of NOK 25 million in new convertible loans from existing shareholders. GC Rieber Shipping's stake in Octio increased to 73 % after these transactions. Octio is now focusing on growth within the company's core activities, ie. permanent monitoring of oil and gas fields both in terms of increased extraction and a reduction of environmental and safety risks.

Towards the end of 2010 Octio received approximately NOK 6 million in funding from the Research Council of Norway for a project aimed at testing a cost effective method for predicting geophysical changes that occur when water is injected during drilling operations. The project – launched in the first quarter 2011 – has a budget of NOK 23 million and will be carried out in cooperation with Statoil, which is contributing NOK 12 million in financing. The project is an important milestone for Octio's initiatives in terms of environmental monitoring.

SHIP MANAGEMENT

The group's ship management companies in Bergen, Sevenoaks (England) and Singapore have in 2010 managed nine vessels for other owners. In addition the organisations have been responsible for project planning and supervision for seismic newbuildings 532 ("Polar Duke") and 533, for IMR/CSV subsea newbuilding 702 ("Polar King"), 703 and for the IMR newbuilding 7040.

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2010 amounted to NOK 38.4 million (2009: NOK 9.9 million). The vessels "Polar Explorer" and "Geo Atlantic" have been operating in this segment with an employment rate of 46 % and 100 % respectively.

ICE/SUPPORT

RESEARCH

There has been a slight increase in activities in the Antarctic, but there seems to be a tendency to employ additional tonnage out of political considerations. As a result, new research vessels are currently being built in both Japan and South Korea. The "Ernest Shackleton" continued on a long-term charter with the British Antarctic Survey and has operated this market throughout the season in the Antarctic. The research market is influenced by a lack of financing from public R&D programmes, but an increased focus on environmental and climate issues may change this trend in the future.

SUPPORT (OIL RELATED)

The activity within oil-related operations in icy waters has increased, but still remains in an initial phase. 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 % of the world's undiscovered oil resources are assumed to exist.

Management of the icebreaker/tug vessel "Polar Pevek", of which the group owns 50 %, has gone according to plan throughout 2010. The "Polar Pevek" started on a 15-year long charter with Exxon Neftegaz in 2006. The vessel has functioned as expected, also as icebreaker, and feedback from Exxon Neftegaz is positive. The "Polar Pevek" is fully Russian operated, managed by the group's ship management company in Yuzhno-Sakhalinsk.

The group is considering an expansion of activities in this area, which is expected to develop substantially due to oil exploration and increased extraction in the Sea of Okhotsk. In addition to its ice breaking activities, the group currently has two crew vessels – the "Polar Piltun" and the "Polar Baikal". Both entered into five-year charter contracts with the Sakhalin Energy Investment Company ("SEIC") in June 2009. The crew vessels are fully Russian operated, managed from the group's ship management company in Yuzhno- Sakhalinsk, and represent an important addition to the company's activities in the area.

The development in the American and Canadian Arctic areas is monitored. New activities are being planned, but this will take time and protectionist considerations are predominant here too. In order to access this market, it may therefore be necessary to establish a local presence in the US and/or Canada.

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2010 amounted to NOK 49.2 million (2009: NOK 51.3 million). The "Ernest Shackleton" and "Polar Pevek" have been employed in this segment with an employment rate of 100 % (100 %). In addition the two crew vessels "Polar Piltun" and "Polar Baikal" have had an employment rate of 100 % and 91 % in 2010, respectively.

ADMINISTRATION, EMPLOYEES AND EQUAL OPPORTUNITIES

At the end of 2010, the GC Rieber Shipping group, including subsidiaries, employed a total of 231 man-years, divided between 95 in the land organisations and 135 marine crew (added to which are 250 temporarily hired marine crew). Out of the permanently employed in the land organisation, 38 are employed at the head office and management company in Bergen (Norway), 30 are employed in the subsidiary Octio in Bergen (Norway), 14 are employed in the management company in Sevenoaks (Great Britain), 7 are employed in the management company in Singapore and 6 are employed in the management company in Yuzhno-Sakhalinsk (Russia). 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 213 permanent employees, 14 % are women. The female representation is 0.8 % among marine crew and 31 % in the land organisation. The board consists of 3 men and 2 women, i.e. a 40% female representation.

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"). Core value and management principles have been the main focus at the group's officer's conferences in 2010. 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. Course sessions focusing on personal health and nutrition were held in 2010.

A total of three lost time incidents were registered in 2010. All incidents have been reported and analysed in order to take measures to prevent similar incidents in the future. Transfers of experience to all vessels and officers is thus important, and in 2010 a total of 23 relevant Experience Transfers were issued, based on incidents taking place on the group's own vessels.

Sick leave in 2010 amounted to 1.9 % in the land organisations and 5.1 % 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. A framework agreement for ISO-14001 certification has been entered with DNV, starting in mid 2011. Newbuildings are constructed in compliance with environmental regulations.

The group endorses the Norwegian Shipowners' Association vision of zero emission into the sea. A new environmental programme for monitoring emissions into the air has been developed. During 2010 two minor instances of substance emission into the sea were registered, and measures have been taken to prevent similar incidents in the future.

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. Risk analysis addresses the job in question, the working environment and the tools used for the job. Based on the risk analysis a standard is set for personal protective equipment (PPE). For certain jobs on board a system of work permits has been introduced. A risk assessment course for all officers was held in 2010.

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

A new common procedural database for the company was introduced in 2009, and has been updated in 2010 based on both feedback from crew and new regulations. Reported findings from classification societies and Port State dropped again in 2010 compared to the year before, clearly indicating that the group has succeeded in its focus on continuous improvements. The group is working to become ISO-9001 certified and a framework agreement with DNV for certification is in place.

The group runs a high quality fleet, with stable operations and limited technical downtime periods during 2010. During the period 2003-2010 the technical downtime on the fleet was as low as 0,6 %.

New requirements from the industry were also introduced in 2010. "Offshore Vessel Management Self Assessment" (OVMSA) is in focus and the group is aiming at fulfilling these requirements at a high level in this standard.

Raising consciousness of the quality concept will 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".

SHAREHOLDER INFORMATION

During 2010 the group's shares have been traded between NOK 24.00 and NOK 38.10. The last price recorded in 2010 was NOK 30.00. At the general meeting on 13 April 2010, 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 2010. The authorisation has not been exercised. The company holds 150,800 own shares, corresponding to 0.34 % of the total number of shares. The board has proposed for the general meeting to pay a dividend of NOK 0.50 per share, compared with NOK 0.30 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 62,096,433 is allocated as follows:

Allocated for dividends:	NOK 21.831.000
Transferred from other equity:	NOK 83.927.433
Total allocated:	NOK 62.096.433

OUTLOOK

There has been a gradual growth in the world economy during 2010, but the macro perspective, however, is still characterised by great uncertainty and a risk of setback. The oil and gas industry is experiencing growth, driven by a higher oil price, less risk aversion and improved access to financing. At the same time there is reason to expect that the effects of the Macondo accident, with more stringent requirements and increased economic responsibility for operators, could lead to delays of licenses and field development. In the short perspective this may put a damper on the growth in demand expected for specialized offshore vessels in the future.

GC Rieber Shipping's liquidity is good, the gearing is low, and the financial risk related to a possible recession in the world economy is considered to be manageable. The group's financial capacity may give relative advantages over competitors and thereby strategic opportunities. The group's market segments subsea and marine seismic are exposed to postponements of large-scale subsea projects and phase-in of new capacity, including newbuildings. This situation is expected to continue throughout 2011. At the beginning of the first quarter 2011 the group has one vessel without contract in addition to one newbuilding with expected completion in the third quarter 2011, currently without employment. The company's investments in the value chain are exposed to low activities in the oil service segment. The group expect the market outlook in the subsea and seismic segment to improve from the year 2012. This is driven by a continued drop in oil production with a corresponding need to increase production on existing fields, as well as exploration and extraction of new petroleum resources.

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. The group's fleet consists of multi-functional vessels that can operate within several of the group's business areas. This flexibility is expected to remain important also in the future.

Through the times, GC Rieber Shipping has documented its ability to create value from accumulated know-how and capacity, as well as making the values created visible. Successful counter-cyclical and early cyclical investments have yielded substantial returns in the past. The group will maintain the basic principles governing its strategy.

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 2010 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 2010, 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 10 March 2011

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

Hans Petter Klohs
Acting CEO

FINANCIAL STATEMENTS

THE GC RIEBER SHIPPING ASA GROUP

/ PROFIT AND LOSS STATEMENT
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	2010	2009
OPERATING INCOME			
Charter income		491 440	586 282
Other operating income		69 786	82 173
Total operating income		561 226	668 455
OPERATING EXPENSES			
Voyage expenses		-6 747	-66 565
Vessel operating expenses		-108 439	-107 616
Crew and catering expenses	7	-160 899	-175 195
Administrative expenses	7, 21, 22	-109 216	-151 816
Total operating expenses		-385 301	-501 192
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**175 925**	**167 264**
Depreciation	11	-130 417	-117 284
Write-down	11, 12	-92 742	-50 385
Gains (losses) on sale of fixed assets	11	293 548	0
Operating profit		246 313	-405
FINANCIAL INCOME AND EXPENSES			
Income (loss) from investments in associated company	13	-34 938	-34 819
Financial income	23	10 370	15 940
Financial expenses	23	-45 577	-44 663
Changes in market value of financial current assets	23	23	13 869
Realized currency gains (losses)	23	2 593	-19 768
Unrealized currency gains (losses)	23	29 376	8 668
Net financial income and expenses		*-38 153*	*-60 773*
Profit before tax		**208 160**	**-61 179**
Income tax expense	8	-61 188	139 241
PROFIT FOR THE YEAR		**146 972**	**78 062**
Non-controlling interests		1 735	38 441
Profit after non-controlling interests		**148 707**	**116 503**
Earnings and diluted earnings per share	9	3,41	2,67

STATEMENT OF COMPREHENSIVE INCOME (NOK 1000)

Profit for the year	146 972	78 062
Other comprehensive income:		
Foreign currency translation subsidiaries	-45 807	-4 872
Foreign currency translation vessels	10 983	-113 664
Foreign currency translation long-term liabilities and other cash equivalents	-8 437	84 819
Changes in pension estimates	2 211	-8 154
Tax effect of changes in pension estimates	-823	1 784
Comprehensive income for the year	**105 099**	**37 975**
Non-controlling interests	1 735	38 441
Comprehensive income for the year after non-controlling interests share	**106 834**	**76 416**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2010	31.12.2009
ASSETS			
FIXED ASSETS			
Intangible assets	12	43 447	70 926
Deferred tax asset	8	56 395	53 610
Goodwill	12	13 030	76 592
Total intangible fixed assets		*112 872*	*201 128*
Vessels	11	1 325 708	1 318 124
Newbuilding contracts	11	806 980	628 073
Machinery and equipment	11	93 359	100 248
Total tangible fixed assets		*2 226 047*	*2 046 445*
Investments in associated companies	13	70 063	9 319
Long-term loan to associated companies	13	30 000	0
Other long-term receivables		8	2 489
Total financial fixed assets		*100 070*	*11 808*
Total fixed assets		**2 438 990**	**2 259 382**
CURRENT ASSETS			
Inventory	14	7 758	11 940
Total inventory		*7 758*	*11 940*
Accounts receivable	15	93 659	74 573
Other current receivables	15	90 412	172 817
Total short-term receivables		*184 071*	*247 391*
Quoted financial investments	16	0	87 089
Total investments		*0*	*87 089*
Cash and bank deposits	*17*	*532 395*	*274 727*
Total current assets		**724 225**	**621 146**
TOTAL ASSETS		**3 163 214**	**2 880 528**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2010	31.12.2009
EQUITY AND LIABILITIES			
EQUITY			
Share capital (43,812,800 shares at NOK 1.80)	18, 22	78 863	78 863
Portfolio of own shares (150,800 shares at NOK 1.80)	18	-271	-323
Share premium reserve		16 604	16 604
Total restricted equity		*95 196*	*95 145*
Other equity		1 503 883	1 404 347
Total retained earnings		*1 503 883*	*1 404 347*
Non-controlling interests		195 213	45 534
Total equity		**1 794 292**	**1 545 026**
LIABILITIES			
Pension liabilities	20	31 632	31 025
Taxes payable	8	33 518	0
Total provisions		*65 150*	*31 025*
Liabilities to financial institutions	19	792 079	855 679
Other long-term liabilities	26	3 346	125 388
Total other long-term liabilities		*795 426*	*981 067*
Liabilities to financial institutions	19	344 439	214 875
Accounts payable		59 817	34 813
Taxes payable	8	41 635	11 316
Public duties payable		17 176	21 203
Other current liabilities		43 739	41 202
Total current liabilities		*508 347*	*323 409*
Total liabilities		**1 368 922**	**1 335 502**
TOTAL EQUITY AND LIABILITIES		**3 163 214**	**2 880 528**

Bergen, 10 March 2011
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

Hans Petter Klohs
Acting CEO

/ STATEMENT OF CASH FLOW
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	208 160	-61 179
Taxes paid	-9 473	-29 513
Depreciation	130 417	117 284
Write-down of fixed assets	92 742	49 981
Gains on sale of fixed assets	-272 955	-113
Gains on sale of subsidiary	-20 593	0
Loss from investment in associated company	34 938	34 819
Changes in market value of financial current assets	0	-3 492
Capitalized costs previously charged as an expense	0	-21 600
Unrealized currency losses (gains)	-38 008	-5 311
Change in stock	4 182	-3 576
Change in accounts receivable	30 037	11 826
Change in current liabilities	-79	-39 242
Change in other current assets and other liabilities	-3 269	30 520
Net cash flow from operating activities	**156 098**	**80 405**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of financial fixed assets	566 227	2 548
Proceeds from investments in financial fixed assets	-808 455	-1 008 563
Purchase of financial fixed assets	-65 000	-7 905
Net cash flow from investing activities	**-307 228**	**-1 013 920**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	511 476	628 650
Repayment of long-term borrowings	-350 108	-55 253
Payment for purchase of own shares	697	997
Capital increase	156 100	0
Change in short-term liabilities to financial institutions	16 642	0
Dividend payment	-13 099	-21 817
Net cash flow from financing activities	**321 709**	**552 577**
Net change in bank deposits, cash and quoted financial investments	170 580	-380 937
Bank deposits, cash and quoted financial investments at 01.01	361 816	742 753
Bank deposits, cash and quoted financial investments at 31.12	**532 395**	**361 816**

/ 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 share	Total equity
Balance at 1 January 2009	78 863	-405	19 401	-87 626	1 413 092	83 975	1 507 300
Profit for the year	0	0	0	0	116 503	-38 441	78 062
Other comprehensive income	0	0	0	-33 717	-6 370	0	-40 087
Total comprehensive income	*0*	*0*	*0*	*-33 717*	*110 133*	*-38 441*	*37 975*
Addition of equity from acquisition of subsidiary	0	0	0	0	24 858	0	24 858
Other changes	0	0	-2 797	0	-1 471	0	-4 268
Sale of own shares	0	82	0	0	895	0	977
Dividends to the shareholders	0	0	0	0	-21 817	0	-21 817
Balance at 31 December 2009	**78 863**	**-323**	**16 604**	**-121 343**	**1 525 690**	**45 534**	**1 545 026**
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**	**-272**	**16 604**	**-164 604**	**1 668 487**	**195 213**	**1 794 292**

/ NOTES
GC RIEBER SHIPPING ASA GROUP

NOTE 1 – CORPORATE INFORMATION

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, 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. Through strategic value chain investments the group has substantial knowledge and experience within subsea and marine seismic.

GC Rieber Shipping currently owns six and operates seven advanced multifunctional special purpose vessels for defined markets within the subsea, ice/support and marine seismic segments. GC Rieber Shipping has two subsea IMR/CSV newbuildings for delivery in 2011. GC Rieber Shipping also owns 65 % of Armada Seismic, which owns one high-capacity seismic vessel and has one newbuilding for delivery in the first quarter 2012. The group's strategic value chain investments include the subsea services company Reef Subsea (50 % stake) and the company Octio (73 % stake) which is in the business of permanent reservoir monitoring. GC Rieber Shipping is also in charge of marine ship management for nine offshore vessels for other owners.

The company has its registered office and is headquartered in Bergen with ship management companies in Sevenoaks (England), Singapore and Yuzhno-Sakhalinsk (Russia), which provides international presence. The company is listed on Oslo Børs 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 10 March 2011.

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 31.12.10.

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 which are recognized in the financial statements at fair value and for which the changes in fair value are recognized in the profit and loss statement.

The preparation of financial statements in accordance with IFRS requires the use of estimates. 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

Interpretations effective in 2010

IFRS 3 (revised): '*Business combinations*':
The revised standards will significantly change the accounting for acquisitions, transactions with non-controlling interests and contingent considerations. Acquisition-related costs will be expensed through profit and loss at the time the services are received.

IAS 27 (revised) *Consolidated and Separate Financial Statements*
The most significant changes to IAS 27 are as follows:

- Change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss. This will remove the variability in practice that exists today when acquiring outstanding non-controlling interest.
- Losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests, even if the

losses exceed the non-controlling equity investment in the subsidiary. The parent will no longer show the excess losses as part of its own equity.

- On loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognised on disposal. More guidance is included as to when multiple arrangements should be accounted for as a single transaction.

Changes to IAS 39 *Financial Instruments – Recognition and Measurement*
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. An entity can designate the changes in fair value or cash flows related to a one-sided risk as the hedged item in an effective hedge relationship.

IFRIC 16 *Hedges of a net investment in a foreign operation*
The interpretation regards the recognition of hedging of the currency risk in connection with investments in foreign entities. Furthermore, the interpretation clarifies which risks which can be hedged and which type of hedges which qualify for hedge accounting.

IFRIC 18 *Transfers of Assets from customers*
The interpretation explains the accounting method which should be applied in the case of a customer transferring fixed assets to a seller as part of an agreement. The seller has to recognize the fixed asset at fair value in the financial statement, in accordance with the substance of the agreement.

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2011 or later periods but are not relevant for the group's operations:

Changes to IFRS 7 *Financial instruments and disclosures*
The change regards the disclosures in connection with a transfer of financial assets in which the company has interests. The change emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Coming in to effect from 1 July 2011, but yet to be approved by the EU. The Group expects to apply the standard from 01 January 2012 onwards.

Changes to IFRS 9 *Financial instruments*
IFRS 9 substitutes the principles of classification and measurement stated in IAS 39 Financial Instruments – Recognition and Measurement.According to IFRS 9 financial assets which are regulated by ordinary commercial terms have to be recognized at amortized cost in the financial statements, unless a decision to recognize them at fair value is made. Other financial assets shall be recognized 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 recognized 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 recognized as other income and other expenses. The standard is coming into effect at 01 January 2013, but is still to be approved by the EU. The Group expects to apply the standard from 01 January 2013 onwards.

IAS 24 (revised) *Related party disclosures*
The amendments to IAS 24 is an effort to simplify the identification of related party relationships and re-balance the extent of disclosures of transactions between related parties based on the costs to preparers and the benefits to users in having this information available in financial statements. The intention is to clarify the definition of related parties, but without reconsidering the fundamental approach to related party disclosures. The standard is coming into effect at 01 January 2011 and the Group intends to apply IAS 24 from 01 January 2011 onwards.

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but are not relevant for the group's operations:

Changes to IFRS 2 *Share-based Payments*
In order to provide guidance on how to account for cash-settled share based payment transactions in the separate financial statements of an entity, the IASB issued amendments to IFRS 2. The amendments include amending the definition of a share-based payment transaction, amending the definition of a share-based payment arrangement, amending the scope of IFRS 2, and to add guidance for accounting for share-based payment transactions among group entities.

Changes to IAS 32 *Financial instruments - Presentation*
The amendment alters the definition of a financial liability in IAS 32 to classify rights issues and certain options or warrants (together, here termed rights) as equity instruments. Coming into effect at 01 February 2010.

Changes to IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
The amendment was made to remove an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover those requirements.
After the changes to this standard, a prepayment of contribution in a defined-benefit pension scheme qualifies for recognition in the balance sheet. Coming into effect at 01 January 2011.

IFRIC 17 *Distribution of Non-cash assets to Owners*
IFRIC 17 applies to all non-reciprocal distributions of non-cash assets. The interpretation is coming into effect at 01 January 2011.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*
The interpretation provides guidance when an entity renegotiate the terms of a financial liability and issue equity instruments to the creditor to fully, or partially, extinguish a financial liability. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. Any difference between the carrying amount of the financial liability that is extinguished and the fair value of the equity instruments issued is recognized immediately in profit or loss. The interpretation is coming into effect at 01 July 2010.

The IASB issued amendments to its standards and the related basis for conclusions in its annual "improvements to IFRSs". The amendments are effective at 01 July 2010 and later. The changes are yet to be approved by the EU. The Group expects to apply the changes from 01 January 2011 onwards:

IFRS 3 *Business Combinations*
Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Furthermore the flexibility in regards of the measurement of components of non-controlling interests is limited. Additionally, IASB clarifies the principles in connection with the recognition of sharebased payments in the acquired company which the acuiree substitutes with a new arrangement. The option schemes are recognized at fair value at the date of acquisition and the equity instruments relating to the new option schemes are classified as non-controlling interests.

IFRS 7 *Financial Instruments- Disclosure*
The changes emphasize the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Further on, changes are made to the disclosure requirements regarding quantitative information and information about the credit risk.

IAS 27 *Consolidated and Separate Financial Statements*
Clarifies that the consequential amendments from IAS 27 made to IAS 21The Effect of Changes in Foreign Exchange

Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

IAS 1 *Presentation of Financial Statements*
The annual improvement clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 *Interim Financial Reporting*
Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification
- Transfers of financial instruments between different levels of the fair value hierarchy
- Changes in classification of financial assets
- Changes in contingent liabilities and assets

IFRIC 13 *Customer Loyalty Programme*
It is clarified that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

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 live 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 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 can not be determined, the company's marginal borrowing rate in the market is used. Direct costs related to the lease agreement, is 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.

The Group as a lessor:

Operational leases

The Group presents assets it has leased to others 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.

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 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 for 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 recognized 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) the carrying amount increases 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 recognized 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 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 2010.

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 recognized at cost, less any accumulated write-downs. Goodwill is not amortized, 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 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 recognized 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 include the non-controlling interests share of the carrying amount of subsidiaries including the share of identified excess values at the date of the acquisition.

Losses in a consolidated subsidiary that can be allocated to the non-controlling interests cannot exceed the non-controlling interests share of equity in the consolidated subsidiary. Exceeding losses are recorded against the controlling interests' share in the subsidiary to the extent that the non-controlling interests is not obligated to, or can, take its part of the loss. If the subsidiary starts to generate profit, the controlling interests' share of the subsidiary's equity shall be adjusted until the non-controlling interests' share of previous losses have been covered.

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 recognized. The introduction of new plans or changes of existing plans which happens with retrospective 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, since 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 that apply to the companies in the Group where temporary differences have arisen.

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 recognized 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 realizations 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 installments 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 possibly 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 capitalization 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 20.

With reference to note 12, goodwill is not amortized, but tested annually for impairment at the balance sheet date. 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 capitalizes 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 recognized 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 according to IAS 12.

2.25 CASH FLOW STATEMENT

The Group's cash flow statement shows the Group's consolidated cash flows distributed between operating activities, investments 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 I 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 %
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 %
Octio AS	Norway	GC Rieber Shipping ASA	73 %
Armada Seismic ASA	Norway	GC Rieber Shipping ASA	65 %

NOTE 4 - CHANGES IN CORPORATE STRUCTURE

GC Rieber Shipping and the private equity investor HitecVision together injected capital into the company Reef Subsea AS in January 2010. Reef Subsea is owned 50/50 by the two parties and was provided with NOK 195 million in cash through a share issue. As part of this transaction Reef Subsea acquired GC Rieber Shipping's investments in the geotechnical company Bluestone Offshore Pte Ltd ("Bluestone") and the subsea service providing company Technocean AS, including its subsidiary Scan Mudring (Technocean). Reef Subsea contributed with NOK 17.5 million in new equity in the subsidiary Bluestone (95 % shareholding). Furthermore, Reef Subsea acquired shares for a subscribed amount of NOK 75 million. Reef Subsea thereby owns 76 % of Technocean. Reef Subsea is presented as an associated company according to the equity method in GC Rieber Shipping's financial statements.

In June 2010 the Group entered into an agreement to buy two high-capacity seismic vessels from Factorias Vulcano (Spain). In connection with this agreement GC Rieber Shipping established a separate legal entity, Armada Seismic ASA. To finance the two vessels Armada Shipping raised NOK 450 million in funds through a privileged subscription. After this share issue the Group owns 65 % of the shares in Armada Seismic. Armada Seismic is presented as a subsidiary in GC Rieber Shipping's financial statements.

In November 2010 GC Rieber Shipping entered into an agreement with Otto Marine ("Otto") regarding the dissolution of the joint venture companies Polar Marine I and Polar Marine II. Polar Marine I and II initially owned four newbuilding contracts for vessels (no. 7037-7040), but cancelled newbuildings 7037 and 7038 in 2009 due to substantial delays at the yard. According to the agreement, Otto acquired the newbuildings 7037, 7038 and 7039, and at the same time the arbitrations in connection with newbuildings 7037 and 7038 were withdrawn. GC Rieber Shipping acquired the construction contract for the IMR vessel 7040. The joint venture companies Polar Marine I and Polar Marine II are currently being liquidated.

NOTE 5 - 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 recognizes 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's 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:

	2010	2009
Assets		
Current assets	20 550	21 507
Fixed assets	188 932	213 179
Liabilities		
Current liabilities	28 259	45 440
Non-current liabilities	96 684	112 068
Net assets (share of equity)	84 539	77 178
Operating income	46 953	52 256
Operating expenses	-31 454	-32 507
Net financial items	-9 361	-8 916
Net profit	6 138	10 833

NOTE 6 - SEGMENT INFORMATION (NOK 1000)

PRIMARY SEGMENT REPORTING - BUSINESS SEGMENTS:

GC Rieber Shipping owns six and operates seven advanced, multifunctional special- purpose vessels for defined markets within subsea, ice/support and marine seismic. The Group also has, pursuant to agreements with other ship owners, the responsibility for the maritime operation of nine offshore vessels.

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

The Group owns two and operates three vessels in the subsea segment. The vessels are primarily used for inspection, maintenance and repair of subsea installations. Furthermore, the Group has two subsea IMR/CSV newbuildings for delivery in 2011. GC Rieber Shipping also holds 50% of the shares in the subsea service providing company Reef Subsea AS.

Ice/support

The Group owns and operates two vessels within ice/support, as well as two crew vessels."Ernest Shackleton" is on a bareboat charter to the British Antarctic Survey for operations in Antartica until 2014."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/4D vessel "Geo Atlantic", the 2D vessel "Polar Explorer" and the subsidiary Octio (73 % stake) which focuses on permanent reservoir monitoring. The Group also owns 65 % of the company Armada Seismic ASA, which owns one high-capacity seismic vessel ("Polar Duke") and has a newbuilding -533 for delivery in 1.quarter 2012. "Polar Duke" and newbuilding 533 are expected to be operative from April 2011 and 1. quarter 2012, respectively.

SECONDARY SEGMENT REPORTING – GEOGRAPHICAL SEGMENTS:

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

SEGMENT INFORMATION:

2010	Ice/ support	Subsea	Seismic	Not allocated	Total
From the profit and loss 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		175 924
Operating profit	29 155	313 502	-96 344		246 313
From the balance sheet:					
Vessels	245 292	303 509	776 906		1 325 708
Newbuild contracts		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		175 924
Repayment of long-term borrowings	-18 820	-236 313	-44 975	-50 000	-350 108
Proceeds from long-term liabilties		254 844	256 632		511 476
Investments		-415 208	-457 981	-265	-873 454
Proceeds from sale of vessel		566 227			566 227
Proceeds from issue of share capital			156 100		156 100
Other changes, not allocated		-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 liabilities 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.

2009	Ice/ support	Subsea	Seismic	Not allocated	Total
From the profit and loss statement:					
Operating income	77 878	439 989	150 589		668 456
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	51 293	106 082	9 887		167 263
Operating profit	28 443	33 831	-62 679		-405
From the balance sheet:					
Vessels	245 076	633 124	439 924		1 318 124
Newbuild contracts		628 073			628 073
Non-current liabilities to financial institutions	112 068	487 417	256 193	-	855 679
From the cash flow statement:					
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	51 293	106 082	9 887		167 263
Repayment of long-term borrowings	-12 306	-35 232	-7 714		-55 252
Proceeds from long-term borrowings	68 748	276 731	283 171		628 650
Investments	-86 638	-497 551	-429 731		-1 013 920
Other changes, not allocated		-49 283	-21 600	-36 794	-107 677
Net change in bank deposits, cash and quoted financial investments					*-380 937*

Non-allocated other changes in 2009 are, among others, related to the payment of dividend in 2009 of NOK 21.8 million.

GEOGRAPHICAL SEGMENT INFORMATION:

Operating income from customers

	2010	2009
Norway	221 124	210 493
Europe	141 919	178 219
Africa	-	120 247
Asia	74 398	-
North-America	59 042	112 158
Australia	38 543	47 338
Central America	26 201	-
Total operating income	**561 226**	**668 455**

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. Two customers represent approximately 78 % of the operating income in Norway, of which 50% is within the seismic segment and 50% is within the subsea segment.

Fixed assets

Of the fixed assets in the balance sheet, ship building contracts amounting to NOK 692 million relate to Europe and NOK 115 million relate to Norway. In terms of vessels, NOK 568 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	2010	2009
Crew wages	102 876	115 047
Administration wages	59 185	73 317
Social security tax	16 503	24 440
Pension costs	10 772	13 675
Other social costs	3 432	9 008
Total payroll expenses	**192 767**	**235 487**
Number of employees in the Group (man-labour years):		
Seamen	135	188
Administration	95	138

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

	2010	2009
Crew and catering expenses	118 592	142 033
Administration expenses	74 175	93 455
Total payroll expenses from continuing operations	**192 767**	**235 487**

The decrease in the number of employees and payroll expenses from 2009 to 2010 is mainly due to Technocean not being consolidated as a subsidiary in 2010.

Management remuneration	2010	2009
Wages	3 386	3 703
Other benefits	131	174
Paid pension contribution	457	450
Total management remunerations	**3 974**	**4 327**

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

Board renumeration	2010	2009
The Board in GC Rieber Shipping ASA	710	710
The Board in Technocean AS	-	453
Total board renumeration	**710**	**1 163**

The expenses are included in the Group's administration expenses

The former CEO (employed until August) and the present acting CEO are contracted from the subsidiary GC Rieber Shipping AS. They have not received any remuneration from GC Rieber Shipping ASA as their salaries have been provided from the subsidiary. No agreements have been entered into with the acting CEO or the chairman of the board with regards to special payments upon the termination or change of their positions. Further, there exists no agreements which grant employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Auditor's fees (excl. VAT)	2010	2009
Audit fee	1 005	1 090
Other assurance services	129	176
Tax consulting	468	376
Other services	407	173
Total auditor's fees	2 010	1 815

NOK 93,515 (2009: NOK 124,550) of the audit fee and NOK 29,255 (2009: NOK 40,200) 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 & loss statement	2010	2009
Tax payable in Norway	20 247	11 353
Tax payable outside Norway	2 275	953
Reversed payable tax upon Supreme court ruling	-	-92 108
Reversed paid tax upon Supreme court ruling (new ship tax regime)	-	-30 520
Tax payable due to the transition to new shipping tax regime	51 989	-
Change in tax from earlier periods	289	-20 050
Change in deferred tax*	-13 611	-8 869
Income tax expense (income)	**61 188**	**-139 241**

Reconciliation of income tax expense for the year	2010	2009
Profit before tax	208 160	-61 179
Estimated tax based on nominal rate (28 %)	58 285	-17 130
Reversed payable tax upon Supreme court ruling	-	-122 628
Effect of shipping tax regime/tax payable outside Norway	-72 991	-
Tax payable due to the transition to new shipping tax regime	51 989	-
Deferred tax not acknowledged	10 282	
Permanent differences (includes write-down of shares outside EEA)	11 302	499
Other/correction of tax payable in earlier periods	2 321	18
Income tax expense (income)	**61 188**	**-139 241**

* Change in deferred tax of NOK 13.6 million includes a change in the Group's tax position of NOK 9.7 million as a consequence of disposal of a subsidiary and, moreover, a reversal of previously capitalized deferred tax assets in the Group of NOK 1.1 million.

DEFERRED TAX:

Deferred tax liabilities/assets:	2010	2009
Gain and loss account	128	161
Other temporary differences	-41 824	-21 150
Financial instruments	-9 477	-
Net financial items for companies in the shipping tax regime	17 056	7 610
Pension liabilities	-31 632	-31 025
Write-down of shares outside EEA	-	-30 515
Tax losses carried forward	-285 305	-116 546
Not recognized tax losses carried forward	149 643	-
Basis for calculation of deferred tax	-201 411	-191 466
Tax rate	28%	28%
Deferred tax liabilities/assets in the balance sheet:	**-56 395**	**-53 610**
Directly capitalized deferred tax assets which are not included in the change in temporary differences:		
Estimate deviations for pensions, recognized directly in equity (corridor)	2 939	-7 757
Of which directly capitalised deferred tax assets (28%)	823	-2 172

Not recognized deferred tax assets in the Group at 31.12.2010 amounts to NOK 41.9 million and relates to Octio Group. For more details regarding immaterial assets relating to Octio Group, see note 12.

At year-end 2010, the Group had tax losses carried forward of NOK 135.7 million in Norway. Based on budgets, the Group expects to be able to utilize the deferred tax assets through future taxable profits.

The Norwegian shipping tax regime was changed with effect from 01.01.07. The change entails that the ship owning companies which were part of the old regime can choose either to enter into the new shipping tax regime or exit the existing regime. GC Rieber Shipping has for its shipping tax companies chosen to enter the new regime. In connection with the exit, a gain taxed with 28% has been estimated.

In February 2010 the Norwegian Supreme Court approved the claim by shipping companies that the transitional rules passed by the Norwegian Parliament in December 2007, concerning the transition from the old to the new tonnage tax system, was in conflict with section 97 in the Norwegian Constitution. As a consequence of this judgment, GC Rieber Shipping reversed provisions made in accordance with the former tonnage tax regime. In March 2010 the Government established a voluntary settlement scheme/arrangement in which the shipping companies can choose a final taxation of the liabilities by a tax rate of 6.67 %. The Group's ship owning companies have chosen this settlement scheme at 31.12.2010 and made provisions for tax payable of NOK 52 million. The tax provision is due by 1/3 in each of the years 2011, 2012 and 2013. The tax provision is discounted, and provisions for 2012 and 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.

	2010	2009
Net profit for the year (basis, NOK 1000)	148 707	116 503
Time weighted average number of shares applied in the calculation of earnings per share	43 659 423	43 630 882
Number of outstanding shares as at 31.12.	43 662 000	43 633 500
Earnings and diluted earnings per share (NOK)	3,41	2,67
Resultat og utvannet resultat pr. aksje (NOK)	3,41	2,67

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

	2010	2009
Charter income	491 440	586 282
Other operating income	69 786	82 173
Gains on sale of fixed assets	293 548	-
Total operating income	854 774	668 455
Payroll expenses	-192 767	-235 487
Depreciation	-130 417	-117 284
Write-down/reversal of write-down vessels	-92 742	-50 385
Other operating expenses	-192 534	-265 705
Operating profit	246 314	-405
Income (loss) from investments in associated company	-34 938	-34 819
Other interest income	6 595	15 743
Other financial income	3 775	8 865
Change in fair value of quoted financial current assets	23	13 869
Other interest expenses	-39 211	-37 353
Other financial expenses	25 603	-27 078
Profit before tax	208 160	-61 179
Income taxes	-61 188	139 241
NET PROFIT FOR THE YEAR	**146 972**	**78 062**

NOTE 11 – TANGIBLE FIXED ASSETS (NOK 1000)

VESSELS AND VESSEL EQUIPMENT:

	2010	2009
Acquisition cost as at 01.01	2 060 088	1 766 423
+ Additions during the year	386 679	438 790
+ Additions during the year for periodic maintenance	3 858	10 954
- Disposals during the year	-393 852	-2 523
+ Changes in translation differences during the year	58 982	-153 556
= Acquisition cost as at 31.12.	2 115 755	2 060 088
Accumulated depreciation and write-downs at 01.01.	741 964	642 085
+ Depreciation for the year	87 910	87 881
+ Depreciation of periodic maintenance for the year	10 033	10 426
+ Write-downs for the year	32 942	1 572
- Disposals during the year	-82 802	-
= Accumulated depreciation and write-downs as at 31.12.	790 047	741 964
Carrying amount as at 31.12.	**1 325 708**	**1 318 124**
Accumulated translation differences at 31.12.	-57 234	-115 954

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 recognized directly in equity. Accumulated translation differences are included in the amounts above and are further specified below.

Depreciation rates of 5 % – 12.5 % have been applied for vessels and depreciation rates of 6.67 % - 33.33 % have been applied for vessel equipment. Capitalized periodic maintenance amounts to NOK 9.9 million at year-end 2010.

During 2010 the Group has sold the vessel "Polar Queen" and the crew boat "Polar Kaigan", with a total gain of NOK 272.4 million. Further on, the Group has invested in a 3D/4D seismic vessel ("Polar Duke") and entered into a newbuilding contract for a 3D/4D seismic vessel.

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 analyzes have been carried out by simulating changes in utilization rates and day rates for the vessels. Based on these utility value estimates, the Group has written down the value of the vessel "Polar Exlorer" in the seismic segment by NOK 32.9 million during the year. Except for this write-down, there are no other indications of write-downs for the remaining part of the fleet as at 31 December 2010.

SHIPBUILDING CONTRACTS:

	2010	2009
Acquisition cost at 01.01	676 885	261 472
+ Additions during the year	453 160	466 494
- Disposals during the year	-303 115	-
+ Changes in translation differences during the year	5 142	-51 081
= Acquisition cost as at 31.12	832 072	676 885
Accumulated write downs as at 01.01	48 813	-
+ Write-down for the year	20 719	48 813
- Disposals during the year	-44 439	
= Accumulated write downs at 31.12	25 092	- 48 813
Newbuilding contracts at 31.12	**806 980**	**628 073**

The Group has at year-end 2010 a newbuilding program consisting of three vessels (see note 23)

In 2010 the Group entered into an agreement with Otto Marine concerning the dissolution of the 51/49 % owned joint venture companies Polar Marine I and Polar Marine II. Polar Marine I and II originally owned four newbuilding contracts (building no. 7037-7040), but cancelled newbuilding 7038 and 7039 in 2009 due to substantial delays at the yard. According to the agreement Otto took over the shipbuilding contracts 7037, 7038, 7039, while GC Rieber Shipping acquired the newbuilding contract 7040. In 2009 write-downs of NOK 48.8 million relating to vessel equipment and building supervision costs for cancelled building contracts were carried out. As a result of the agreement with Otto Marine, NOK 44.4 million in write-downs have been reversed in 2010. Further on, GC Rieber Shipping's share of building supervision costs and cancelled equipment related to 7037, 7038 and 7039, a total of NOK 20.7 million, is fully written off at year-end.

Vessels under construction are not depreciated until the vessel is placed in operation.

MACHINES, INVENTORY AND EQUIPMENT:

	2010	2009
Acquisition cost as at 01.01.	137 089	85 834
+ Additions during the year	89 050	51 255
- Disposals during the year	-496	
- Disposals during the year (exit subsidiary/change in consolidated comp.)	-83 007	
+ Changes in translation differences during the year	29	
= Acquisition cost as at 31.12	142 665	137 089
Accumulated depreciation as at 01.01.	36 841	17 864
+ Depreciation for the year	12 029	18 977
- Write down during the year	26 750	-
- Disposals during the year	-124	-
- Disposals during the year (exit subsidiary/change in consolidated comp.)	-26 191	-
= Accumulated depreciation and write down as at 31.12.	49 305	36 841
Carrying amount as at 31.12.	**93 359**	**100 248**

Per 31.12.2010 the Group has performed a judgemental evaluation for equipment not in use. Based on findings, the equipment has been written down by 30%, amounting to NOK 26.8 million, per 31.12.2010. 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 0.9 million.

Disposals during the year are related to the former subsidiary Technocean AS, now being incorporated as an associated company through the investment in Reef Subsea AS.

NOTE 12 – INTANGIBLE FIXED ASSETS (NOK 1000)

GOODWILL

Cost price	2010	2009
Acquisition cost at 01.01	81 316	104 888
+ Additions during the year	-	-
- Cost price allocation Octio	-	-20 852
- Disposals during the year (exit subsidiary)	-41 470	
+ Changes in translation differences during the year	177	-2 719
= Acquisition cost at 31.12	**40 022**	**81 316**
Accumulated depreciation and write-downs as at 01.01.	4 724	4 724
+ Write-downs for the year	22 269	-
= Accumulated depreciation and write-downs at 31.12	**26 993**	**4 724**
Carrying amount at 31.12	**13 030**	**76 592**
Depreciation	0 %	0 %
Economic life	Perpetual	Perpetual
Depreciation method	None	None

Goodwill GC Rieber Shipping Ltd

NOK 13 million (USD 2,25 million) of goodwill at year-end 2010 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. An 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 specialized 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 15 % 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 terminal value is based on a growth rate of 2.5 %, which is in line with expected inflation. Cash flows are budgeted based on already settled agreements for delivery of ship management services for 5 vessels in 2011 and for 7 vessels the next 4 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 Blustone 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 in the table above.

Goodwill Octio Group

After a private placement in 2008, GC Rieber Shipping became a 22 % stakeholder in Octio Geophysical AS, a company developing technology for permanent reservoir monitoring. These shares were, together with 52 % of the externally owned shares in Octio, used as contribution of assets to the 100 % owned GC Rieber Shipping subsidiary Octio AS at 23 December 2008. As compensation for this contribution, GC Rieber Shipping was diluted to 60 % in Octio AS, which in turn has a 74 % stake in Octio Geophysical AS. After a private placement in Octio AS in 2010, including only existing shareholders, GC Rieber Shipping holds a 73% stake in Octio AS at year-end 2010. Octio Geophysical is still in a development phase, focusing on R&D, and the company does not generate any revenues of significance.

Goodwill will be written down if the recoverable amount is lower than the book value of the cash-generating unit. Based on the impairment test, goodwill related to the acquisition of Octio has been fully written down, by NOK 22.3 million, in the seismic segment by year-end 2010. The impairment test is based on an assumption that Octio will be provided with sufficient finances. In the current market it is challenging for a company within Octio's business segment to raise capital. This uncertainty is taken into account in the model. The nominal discount rate before tax applied in the impairment test is 22 %. The discount rate is determined by calculating the Weighted Average Capital Cost (WACC) after tax, and then deriving, before tax, the requirement set by IAS 36 (Impairment of assets). The discount rate after tax has been determined based on the capital assets pricing model (CAPM). The model is based on a 5-year budgeted cash flow, in which a growth rate of 2.5 % is applied for the terminal period. The growth rate equals the anticipated future inflation rate.

OTHER INTANGIBLE ASSETS

Cost price	2010	2009
Acquisition cost at 01.01	77 626	21 000
+ Additions during the year	27 464	21 611
- Purchase price allocation Octio		35 015
= Acquisition cost at 31.12	**105 090**	**77 626**
Accumulated depreciation and write-downs as at 01.01.	6 700	6 700
+ Depreciation for the year	20 444	-
+ Write-downs for the year	34 500	-
= Accumulated depreciation and write-downs at 31.12	**61 644**	**6 700**
Carrying amount at 31.12	**43 447**	**70 926**

Depreciation	20 %
Economic life	5 years
Depreciation method	Linear

Other intangible assets relate to patents/licenses and capitalized R&D of NOK 21.9 million and capitalized expenses in connection with the collection of multi client data in the subsidiary Octio of NOK 21.6 million. Patents and licenses include an exclusive right to use the technology "VectorSeis", developed by ION (26 % ownership in Octio Geophysical). This technology is employed in permanent monitoring of reservoirs. During 2010, capitalized R&D expenses have been written off by NOK 34.5 million. This write-off is based on the same impairment test as described above, under the section on goodwill. To the extent Octio succeed in raising the necessary capital and realize 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.

Generally the predictability in the market for permanent reservoir monitoring is low and, hence, there is great dynamic regarding the future prospects. As a consequence, the Board continuously supervisions the recognized assets in the balance sheet, in particular the intangible assets.

NOTE 13 – FINANCIAL FIXED ASSETS (NOK 1000)

ADDITIONS 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. As part of the transaction, Reef Subsea acquired GC Rieber Shipping's shares in the geo-technical company Bluestone Offshore and the subsea service providing company Technocean, including its subsidiary, Scan Mudring. The transferred assets are valued at NOK 70 million. Additionally, GC Rieber Shipping injected NOK 35 million in cash in Reef Subsea.

	2010	2009
Cost price		
Acquisition cost as at 01.01	9 319	36 504
+ Addition during the year (acquisitions)	35 000	7 635
+ Non-cash share capital contributions	70 000	
- Disposals during the year (according to the "equity method")	-34 938	-34 819
- Disposals during the year	-9 319	
= Acquisition cost as at 31.12	**70 063**	**9 319**
Accumulated depreciation and write-downs as at 01.01.2009	-	-
+ Write-downs for the year	-	-
- Disposals during the year		-
= Accumulated depreciation and write-downs as at 31.12	-	-
Carrying amount as at 31.12	**70 063**	**9 319**

In 2010 GC Rieber Shipping has granted a loan of NOK 30 million to Reef Subsea AS.

NOTE 14 - INVENTORIES (NOK 1000)

	2010	2009
Supplies	1 251	1 304
Bunkers	2 075	3 552
Inventory (components/other equipment)	4 432	7 084
Total inventories	**7 758**	**11 940**

The provision for obsolete items in the inventory is NOK 0.

NOTE 15- ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES (NOK 1000)

	2010	2009
Accounts receivable and other current receivables:		
Receivables, not due	140 834	214 540
Receivables, due by 1-30 days	33 682	7 014
Receivables, due by 30-60 days	8 000	17 005
Receivables, due by 60-90 days	317	5 405
Receivables, due by >90 days	14 806	12 328
Gross receivables	**197 638**	**256 292**
Loss provision as at 01.01.	-8 902	-7 272
New loss provisons during the year	-4 665	-4 150
Reversals	-	2 520
Provision for losses at 31.12	**-13 567**	**-8 902**
Total receivables	**184 071**	**247 390**

The provision for bad debt is classified as operating expenses for vessels in the profit and loss statement. During 2010, no new loss provisions have been finally ascertained.

NOTE 16 - QUOTED FINANCIAL INVESTMENTS (NOK 1000)

BONDS AND CERTIFICATES:

	2010	2009
Acquisition cost	-	87 883
Carrying amount	-	87 089
Fair value	-	87 089

As part of the company's cash management, the company invests in interest bearing securities with good liquidity and low credit risk. Both bonds and certificates are traded and with both fixed and floating interest rates, mainly in NOK. According to guidelines established by the Board, amounts up to NOK 20 million can be invested per issuer. The issuer can be a government, municipality, state-owned enterprise, large mortgage companies, utility companies, as well as companies listed on the Oslo Stock Exchange with a minimum rating of BBB. The Group has no investments in bonds or certificates at year-end 2010.

NOTE 17 - BANK DEPOSITS AND CASH (NOK 1000)

BANK DEPOSITS AND CASH:

	2010	2009
Bank deposits and cash	311 272	195 574
Tax withholdings	7 225	9 134
Short-term bank deposits	213 898	70 019
Cash and bank deposits	**532 395**	**274 727**

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.

In addition to the amount tied up in the withholding tax account, the subsidiary Octio AS has restricted tax-withholding funds secured through bank guarantees of NOK 0.9 million.

NOTE 18 – EQUITY (NOK 1000)

ORDINARY SHARES

Ordinary shares:	2010	2009
Par value	1,80	1,80
Number of shares	43 812 800	43 812 800
Share capital	78 863	78 863

OWN SHARES

In the general meeting on 13 April 2010, the Board gave gave the 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 has sold 28,500 shares to employees during 2010 and possesses 150.800 of own shares at 31.12.10, constituting 0.34 % of the total number of shares.

DIVIDENDS:

Paid dividend:	2010	2009
NOK per share (2010: NOK 0.3, 2009: NOK 0.5)	13 104	21 817
Dividend proposed by the Board as at 31.12.	21 831	13 104

NOTE 19 – LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The Group's long term liabilities, including first year's instalments, are summarized as follows at 31.12.2010:

Long-term debt		Average interest rate 2010	Average duration	31.12.10	31.12.09
Mortgage debt with floating interest	Secured	USD LIBOR + 2.73 %	4.6 years	847 273	685 616
Mortgage debt with fixed interest	Secured	USD CIRR 4.04 % + 1.75 %	7.5 years	94 289	104 618
Financial leasing	Secured	-	-	0	17 151
Credit facility	Not secured	NIBOR + 2.25 %	1 year	200 000	269 298
Amortization effect, mortgage debt				-5 044	-6 129
Total				**1 136 518**	**1 070 554**

The instalment scheme for the Group's long-term liabilities, including first year's instalments, was as follows at year-end 2010:

Due in 2011	344 439
Due in 2012	139 491
Due in 2013	139 315
Due in 2014	119 697
Due in 2015	216 385
Due later	177 191
Total interest-bearing debt	**1 136 518**

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 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 5 million higher than the recorded value, based on CIRR rate loans with 7 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 2010 was 4.42 % (2009: 4.38 %).

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 20 - 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 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. 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 recognized 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 about 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.

	2010	2009
Discount rate	4,00 %	4,50 %
Estimated return on plan assets	5,40 %	5,70 %
Increase of National Insurance Basic Amount (G)	3,75 %	4,25 %
Rate of salary increase	4,00 %	4,50 %
Rate of pension increase	3,75 %	4,25 %
Number of employees	153	192
Number of pensioners	18	17
Mortality list	K-2005	K-2005

Specification of the Group's net pension cost	2010	2009
Current service cost	8 608	8 880
Interest expenses on benefit obligations	3 046	2 499
Estimated return on plan assets	-2 264	-2 431
Administration costs	315	497
Amortization	-2 756	-
Net pension cost	**6 948**	**9 446**
Social Security Tax	1 324	1 262
Pension cost in the profit and loss statement	**8 272**	**10 708**

Estimated pension cost 2011	
Current service cost	7 753
Interest expenses on benefit obligations	2 630
Estimated return on plan assets	-2 124
Administration costs	281
Net pension cost	**8 540**
Social Security Tax	1 164
Pension cost in the profit and loss statement	**9 705**

Specification of the Group's net pension obligations	31.12.2010	31.12.2009
Gross obligations, secured	-54 406	-59 038
Gross obligations, non-secured	-12 130	-13 691
Fair value of pension assets	38 812	45 537
Social Security Tax	-3 909	-3 834
Net pension obligations	**-31 632**	**-31 025**
Carrying value 1.1.	-31 025	-23 879
Disposal of subsidiary	2 190	-
Cost in financial statement	8 272	10 708
Contributions / benefits during the year	-2 818	-8 291
Recognized net actuarial (loss) / gain	-2 657	4 728
Net pension obligations 31.12	**-31 632**	**-31 025**

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

The value adjusted return on plan assets per 31.12.2010 was 6.6 %.

DEFINED CONTRIBUTION PLANS

In addition to the defined benefit plans as described above, the Group's subsidiary in Great Britain has made contributions to local pension plans. The contributions have been provided to pension plans covering 43 employees. The pension premium is recognized as an expense when it falls due and amounts to NOK 2.5 million in 2010.

NOTE 21 – LEASING (NOK 1000)

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 recognized 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.

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:

	2010	2009
Ordinary lease payments	8 745	8 254

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

Within 1 year	6 118	10 564
1 to 5 years	15 771	27 916
Later than 5 years	2 210	12 470
Total	24 099	50 950

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

NOTE 22 – OVERVIEW OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

THE 20 LARGEST SHAREHOLDERS IN GC RIEBER SHIPPING ASA AT 31 DECEMBER 2010 (OUTSTANDING SHARES):

Name	Number of shares	Owner`s share
GC RIEBER AS	23 108 110	52,9 %
AS ODIN II	5 003 555	11,5 %
A/S JAVIPA	1 414 800	3,2 %
PELICAHN AS	1 300 000	3,0 %
LEIF HILMAR SØRENSEN	922 000	2,1 %
G.C. RIEBER OG HUSTRU FØDT GYSINS LEGAT	860 000	2,0 %
P.G. RIEBER OG HUSTRU FØDT MARTENS LEGAT	700 000	1,6 %
G.C.RIEBER & CO. A/S UNDERSTØTTELSESFOND	665 171	1,5 %
PARETO AKSJE NORGE	611 900	1,4 %
RBC DEXIA INVESTOR SERVICES TRUST	585 913	1,3 %
JOHANNE MARIE MARTENS	400 000	0,9 %
VIBEN AS	398 900	0,9 %
BENEDICTE MARTENS NES	356 250	0,8 %
STORKLEIVEN AS	336 500	0,8 %
DELTA A/S	328 000	0,8 %
CELSIUS AS	305 900	0,7 %
PARETO AKTIV	292 700	0,7 %
JO-ANN REUTERDAHL MIETLE	272 000	0,6 %
TANNLEGE RANDI ARNESEN AS	243 814	0,6 %
RANDI JEBSEN ARNESEN	218 000	0,5 %

Shares owned or controlled by members of the board and the acting CEO:

Name	Number of shares
Paul-Chr. Rieber	1 300 000
Hans Petter Amundsen Klohs	19 600

At 31.12.2010, GC Rieber AS owns 23,108,110 shares in GC Rieber Shipping ASA. This constitutes 52.9 % 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.

	2010	2009
Lease payments	4 934	4 841

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:

	2010	2009
Income	2 139	2 161
Expenses	-	-
Total	**2 139**	**2 161**

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

	2010	2009
Accounts receivable	1 236	352
Loans (Other short term receivables)	6 003	25 557
Equity interest	47 405	47 405
Total (net)	**54 644**	**73 314**

TRANSACTIONS WITH ASSOCIATED COMPANIES (WHICH ARE RECOGNIZED 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:

	2010	2009
C/P revenue *	136 774	-
Total	**136 774**	**-**

* C/P revenue relates to a time charter contract for "Polar Prince" with Technocean AS which is in force until August 2011 and a time charter contract for "Greatship Maya" with Bluestone Offshore Pte Ltd which lasts until January 2012.

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

	2010	2009
Accounts receivable	33 761	-
Ownership according to the equity method	70 063	-
Loans (other long-term receivables)	30 000	-
Total (net)	**133 824**	**-**

NOTE 23 – 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 favorable 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 31.12.2010	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Accounts receivable	-	93 659	93 659
Cash and bank deposits	-	532 395	532 395
Total financial assets	**-**	**626 054**	**626 054**
Liabilities			
Interest bearing long term liabilities	-	792 079	792 079
Interest bearing short term liabilities	-	344 439	344 439
Accounts payable	-	59 817	59 817
Total financial liabilities	**-**	**1 196 335**	**1 196 335**

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 863 million of the interest bearing liabilities of NOK 1.137 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 5. 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 15) 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 31.12.2010	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Interest income on quoted financial instruments	2 015	-	2 015
Change in fair value of quoted financial instruments	23	-	23
Change in fair value of financial hedge instruments	23 409	-	23 409
Realized currency gains/losses on bank deposits and cash	-	2 593	2 593
Unrealized currency gains/losses onbank deposits and cash	-	21 155	21 155
Interest income on bank deposits and cash	8 355	-	8 355
Total financial income in the profit and loss statement	**33 802**	**23 748**	**57 550**
	-	-	-
Liabilities			
Interest expenses on interest bearing debt	-	-42 348	-42 348
Realized loss on quoted financial investments	-3 229	-	-3 229
Unrealized currency gains/losses on interest bearing debt	-	-15 188	-15 188
Total financial losses in the profit and loss statement	**-3 229**	**-57 536**	**-60 765**

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 recognized 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 recognized in the profit and loss statement. The Group also has a fixed rate loan with a built-in derivate 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)
USD/NOK - put option	USD	4 800	2011	6,26	1 121
USD/NOK - call option	USD	9 600	2011	6,26	
GBP/NOK - put option	GBP	3 000	2011	10,00	2 437
GBP/NOK - call option	GBP	5 000	2011	10,00	
Total					**3 558**

The Group has entered into a USD/NOK put/call structure; buying USD/NOK put options financed with selling USD/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 2011. Further on, the Group has entered into a GBP/NOK put/call structure; buying GBP/NOK put options financed by selling GBP/NOK call options at the double price with a total option premium of zero. The put/call structure expires with 1/12 every month through 2011.

The Group has entered into USD/NOK and EUR/USD forward agreements in connection with the financing and delivery of two new subsea vessels in 2011. The forward rates in the table represent the average rate of the forward agreements which matured during the year.

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair Value (1000)
USD/NOK forward contract	USD	37 880	2011	6,27	15 853
EUR/USD forward contract	EUR	47 400	2011	1,31	6 831
Total forward contracts currency					**22 684**

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair Value (1000)
Interest rate swap	USD	16 000	2013	4,22 %	-6 996
Total forward contracts currency					**-6 996**

5. OTHER INFORMATION

ACCOUNTING PRINCIPLES

The fair value of financial instruments classified as available for sale or held for trading is equal to the quoted market price at 31.12.

The fair value of forward currency contracts is calculated by using the forward price at 31.12. The fair value of interest rate swap contracts is estimated by using the price of an equivalent swap contract at year-end.

The carrying amount of cash and cash equivalents and bank overdrafts is approximately equal to fair value due to the short maturity of these instruments. Similarly, the carrying amount of accounts receivable and accounts payable is approximately equal to fair value as normal terms apply.

The fair value of long term liabilities is calculated by using quoted market prices or interest rate terms for liabilities with equal duration and credit risk.

For financial assets and liabilities which are recorded at the carrying amount, the fair value is calculated as the present value of estimated cash flows discounted with a discount rate which applies for similar assets and liabilities at year-end. This applies for deposits made to the lessor regarding operating leases (note 21) and liabilities following financial leases (note 21).

The fair value of held-to-maturity investments is estimated using available market prices.

The carrying amount of all financial instruments is equal to their fair value.

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 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 commercial 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 5.

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. Hence, the Group regards its maximum risk exposure to be equal to the carrying amount of accounts receivable (note 15) 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 per 31.12.2010	0-12 months	1-5 years	More than 5 years	TOTAL
Assets				
Accounts receivable	93 659			93 659
Cash and bank deposits	532 395			532 395
Total financial assets	**626 054**	-	-	**626 054**

At 31.12.2010 the Group has a newbuilding programme consisting of three vessels:

- Through the fully owned subsidiaries Sea4 I & II Shipping Ltd, GC Rieber Shipping has two new vessels under construction, both with expected delivery in 2011.
- Through the 65 % owned subsidiary Armada Seismic Invest II AS the company has a vessel with expected delivery in 2012 under construction

Agreed payment schedule in EUR million:

Vessel (TBA)	Delivery	Contract	Already paid	Payments 2011	Payments 2012
YN 702	2011	€ 46,0	€ 43,4	€ 2,6	
YN 703	2011	€ 46,0	€ 33,0	€ 13,0	
YN 533	2012	€ 51,2	€ 5,1	€ 0,0	€ 46,1
Total		€ 143,2	€ 81,5	€ 15,6	€ 46,1

The vessels YN702/YN703 are financed by a long-term loan facility of USD 107 million.
The vessel YN 533 is financed by a USD 45 million (USD 56 million) loan facility.

FINANCIAL MARKET RISK

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

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 1.8 million, and correspondingly, a general decrease in the interest rate level of 1% will have a negative impact on the result by NOK 1.8 million.

The Group has the following interest rate swap contracts as at 31.12.2010:

2011 USD 15.2 million – 4.04 % yearly interest and USD 16.0 million – 4.22 % yearly interest
2012 USD 13.6 million – 4.04 % yearly interest and USD 14.0 million – 4.22 % yearly interest
2013 USD 12.0 million – 4.04 % yearly interest and USD 12.0 million – 4.22 % yearly interest
2014 USD 10.4 million – 4.04 % yearly interest
2015 USD 8.8 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 31.12.2010	Remaining period					
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Assets:						
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

At 31.12.2009	Remaining period					
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Assets:						
Bank loans - hedged	11 560	11 560	11 560	11 560	58 378	104 618
Floating interest rate						
Assets:						
Cash and bank deposits	274 727	-	-	-	-	274 727
Bonds	21 214	19 914	33 524		12 438	87 089
Liabilities:						
Bank loans	193 091	61 351	61 351	59 551	310 272	685 616

See note 19 for further 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 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 31.12.2010, 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, decreases the result by NOK 1.5 million
- An increase GBP/NOK exchange rate by 1.00 affects the result positively by NOK 4.9 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 24 – FOREIGN EXCHANGE RATES

EXCHANGE RATES AGAINST NOK:

At the balance sheet date:	31.12.10	31.12.09
USD	5,86	5,78
Euro	7,81	8,32
Pound sterling	9,07	9,32

Monthly average exchange rates:	2010	2009
USD	6,04	6,29
Euro	8,01	8,73
Pound sterling	9,34	9,81

NOTE 25 – 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 I AS
Armada Seismic ASA
Armada Seismic Invest I AS
Armada Seismic Invest II 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 2010.

Exchange differences recognized in profit and loss are as follows:

	2010	2009
Depreciation vessels	5 281	4 213
Unrealized currency gains/losses	6 397	-84 334
Realized currency gains/losses	-14 835	-516

NOTE 26 – OTHER LONG TERM LIABILITY

	2010	2009
Liability to joint venture partner	-	122 110
Other long term liability	3 346	3 277
Other long-term liabilities at 31.12	**3 346**	**125 388**

FINANCIAL STATEMENTS

GC RIEBER SHIPPING ASA

/ PROFIT AND LOSS STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	Note	2010	2009
OPERATING EXPENSES			
Administration expenses	3, 4	-11 429	-17 489
Total operating expenses		-11 429	-17 489
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**-11 429**	**-17 489**
Write-down	5	-26 224	-11 645
Operating profit		**-37 653**	**-29 134**
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries	14	95 300	204 700
Write-down investment in subsidiary	6	-141 578	0
Write-down investment in associated company	6	0	-30 515
Write-down long term receivables subsidiary	14	3 930	-16 628
Financial income		20 013	2 400
Financial expenses		-14 751	-7 752
Changes in market value of financial current assets		0	10 663
Realized currency gains (losses)	13	8 210	3 241
Unrealized currency gains (losses)	13	-4 905	-22 707
Net financial income and expenses		*-33 780*	*143 402*
Profit before taxes		**-71 433**	**114 268**
Taxes	9	9 337	25 319
NET PROFIT	**8**	**-62 096**	**139 587**
ALLOCATION OF NET PROFIT			
Dividend	7	-21 831	-13 104
Transferred to Other Equity		0	-126 483
Transferred from Other Equity		83 927	0
Total allocation		**62 096**	**-139 587**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2010	31.12.2009
ASSETS			
FIXED ASSETS			
Deferred tax asset	9	39 383	30 671
Total intangible fixed assets		*39 383*	*30 671*
Vessel equipment	5	58 775	750
Total tangible fixed assets		*58 775*	*750*
Investments in subsidiaries	6	220 933	379 761
Investments in associated companies	6	105 000	7 119
Other long-term receivables subsidiaries	14	92 371	134 966
Total financial fixed assets		*418 304*	*521 846*
Total fixed assets		516 461	553 267
CURRENT ASSETS			
Accounts receivables	14	0	44 836
Receivables from subsidiaries	14	686 526	589 857
Other current assets	14	621	59 068
Total debtors		*687 147*	*693 761*
Cash and bank deposits	11	453	20 615
Total current assets		*687 600*	*714 376*
TOTAL ASSETS		**1 204 061**	**1 267 643**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2010	31.12.2009
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	-323
Share premium reserve		16 604	16 604
Total restricted equity		*95 196*	*95 145*
Other equity		673 388	756 665
Total retained earnings		*673 388*	*756 665*
Total equity	*7*	*768 584*	*851 809*
LIABILITIES			
Liabilities to financial institutions	10	0	250 000
Total other long term liabilities		*0*	*250 000*
Liabilities to financial institutions	10, 11	406 281	149 829
Accounts payable		3 242	706
Dividends	7	21 831	13 104
Liabilities to subsidiaries	14	1 561	1 259
Other current liabilities		2 562	936
Total current liabilities		*435 477*	*165 833*
Total liabilities		**435 477**	**415 833**
TOTAL EQUITY AND LIABILITIES		**1 204 061**	**1 267 643**

Bergen, 10 March 2011
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

Hans Petter Klohs
Acting CEO

/ CASH FLOW STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	-71 433	114 268
Repayment taxes paid	624	0
Write-downs investments in associate company	0	30 515
Write-downs investments in subsidiary	141 578	0
Write-downs on fixed assets	26 224	3 969
Profit on sale of financial fixed assets	-4 021	7 171
Change in market value investment	0	-10 663
Change in accounts receivables	44 836	-34 627
Change in accounts payable	2 539	-15 544
Change in receivables from subsidiaries	-96 367	-465 379
Change in other current assets and other liabilities	64 336	-36 549
Net cash flow from operating activities	**108 316**	**-406 837**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments from investments in financial fixed assets	0	232 668
Payments for investments in financial fixed assets	-122 529	-9 067
Net cash flow from investment activities	**-122 529**	**223 601**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from new long term liabilities to financial institutions	0	250 000
Repayment of long term liabilities to financial institutions	-50 000	0
Payments from new current liabilities to financial institutions	56 452	0
Repayment of current liabilities to financial institutions	0	-25 931
Payment for sale of own shares	697	997
Dividend payment	-13 099	-21 817
Net cash flow from financing activities	**-5 949**	**203 249**
Net change in bank deposits, cash and quoted financial investments	-20 163	20 015
Bank deposits, cash and quoted financial investments at 01.01.	20 615	600
Bank deposits, cash and quoted financial investments at 31.12.	**453**	**20 615**

/ 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 10 March 2011.

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 until August and present acting CEO is contracted from the subsidiary GC Rieber Shipping AS. The CEO and acting CEO have not received any remuneration from GC Rieber Shipping ASA as their salaries have been provided from the subsidiary GC Rieber Shipping AS. No agreements have been entered into with the CEO or the chairman of the board with regards to special payments upon the termination or change of their employment. Further, 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 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**

Management remuneration 2009:	Salary	Other benefits	Paid pension premium	Total remuneration
Sven Rong, CEO	1 488	137	266	1 891
Arnstein Øvsthus, COO	1 079	15	95	1 188
Hans Petter A. Klohs, CFO	1 136	21	90	1 248
Total managment remuneration	**3 703**	**174**	**450**	**4 327**

Board remuneration:	Board remuneration 2010	Total remuneration 2010	Board remuneration 2009	Total remuneration 2009
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	120	120	120	120
Total board remuneration	**710**	**710**	**710**	**710**

Auditor's fees (excl. VAT):	2010	2009
Audit	165	226
Tax consulting	300	189
Other services	168	115
Total auditor's fees	**633**	**530**

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

	2010	2009
Board remuneration incl. Social security tax	810	810
Auditor's fees	633	530
Management fee to GC Rieber Shipping AS	6 000	6 000
Legal fee	887	336
Consultancy fee	691	1 618
Project costs	791	856
Cancellation costs	-	5 749
Other administration expenses	1 618	1 590
Total operating expenses	**11 429**	**17 489**

NOTE 5 - FIXED ASSETS (NOK 1000)

Vessel equipment:

	2010	2009
Acquisition cost as at 01.01	13 772	13 772
+ Additions during the year	84 249	-
= Acquisition cost as at 31.12	98 021	13 772
Accumulated depreciation and write-downs as at 01.01.	13 022	1 377
+ Depreciation for the year	-	-
+ Write-downs for the year	26 224	11 645
Accumulated depreciation and write-downs as at 31.12	39 246	13 022
Carrying amount as at 31.12.	**58 775**	**750**

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

Company	Business office	Owner's share	Carrying amount 31.12.10	Profit 2010	Equity 31.12.10
Polar Ship Invest I AS	Bergen	100 %	61 945	223 365	1 486 406
GC Rieber Shipping AS	Bergen	100 %	37 406	7 087	85 367
Polar Explorer AS	Bergen	100 %	34 137	-16 007	193 203
Polar Ship Invest II AS	Bergen	100 %	135	15 275	15 365
Polar Ship Invest III AS	Bergen	100 %	108	425	335
Polarus AS	Bergen	100 %	50 000	676	50 668
GC Rieber Offshore Asia AS	Bergen	100 %	110	-52	1 821
GC Rieber Shipping Asia Pte Ltd	Singapore	100 %	11 473	-11 022	-8 336
GC Rieber Shipping Ltd	Storbritannia	100 %	5 443	-2 064	-13 571
Octio AS (preliminary figures)	Bergen	73 %	20 177	-177 975	104 601
Polar Queen Ltd.	Isle of Man	100 %	0	0	0
Total			**220 933**	**39 708**	**1 915 860**
Associated company					
Reef Subsea Group	Bergen	50 %	105 000	-69 875	203 260
(Preliminary figures for associated company on 100% basis)					

Total write down of the investment in Octio AS in 2010 is NOK 141.6 million. Fair value in the statement of financial position per 31.12.2010 is NOK 20.2 million corresponding with GC Rieber Shipping ASA's share of Octio Groups equity per 31.12.2010.

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	-323	16 604	756 665	851 810
Sale of own shares		51	-	645	696
Profit of the year				-62 096	-62 096
Adjusted purposed share dividend 2009		-	-	5	5
Dividends				-21 831	-21 831
Equity 31.12	**78 863**	**-271**	**16 604**	**673 388**	**768 584**

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 2010 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. The company has sold 28,500 shares during 2010 to employees at NOK 25.50 per share and as at 31.12.2010 the company owns 150,800 own shares, representing 0.34 % of the total number of shares.

DIVIDEND (NOK 1000):

Paid dividend:	2010	2009
NOK per share (2010; NOK 0,30, 2009; NOK 0,50)	13 099	21 817
Proposed dividend:		
NOK 0,50 per share	21 831	13 104

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.

	2010	2009
Profit for the year (NOK 1000)	-62 096	139 587
Time weighted average number of shares applied in the calculation of earnings per share	43 659 423	43 630 882
Number of ordinary shares outstanding as at 31.12.	43 662 000	43 633 500
Earnings per share (NOK)	-1.42	3.20
Diluted earnings per share (NOK)	-1.42	3.20

NOTE 9 - TAXES (NOK 1000)

INCOME TAX EXPENSE:

	2010	2009
Profit before taxes	-71 433	114 268
Permanent differences		
Other non tax deductable costs	-8	6
Write-down investment in subsidiary	141 578	-
Gain on sale of shares	-4 021	-
Loss on sale of share	-32 450	-
Group contribution	-300 000	-204 700
Reversal of not motioned group contribution	204 700	-
Temporary differences		
Change gain and loss account	32	40
Change in other temporary differences	2 324	36 353
Tax base for the financial year	**-59 278**	**-54 033**
Payable income tax expense (28%)	**0**	**0**

Taxes in profit and loss statement:

Reversal tax paid previous years	-624	-
Change in deferred tax	-8 713	-25 319
Taxes (tax income)	**-9 337**	**-25 319**

Reconciliation of current year's taxes:

Profit before taxes	-71 433	114 268
Calculated tax using nominal tax rate (28 %)	-20 001	31 995
Reversal tax paid previous years	-624	-
Reversal last years temporary differnces loss associated company	8 544	-
Other effects	1	-
Permanent differences	2 744	-57 314
Taxes (tax income)	**-9 337**	**-25 319**

DEFERRED TAX LIABILITIES/ASSETS

Gain and loss account	128	161
Temporary differences receivables	-	-23 900
Temporary differences fixed assets	-27 474	-1 250
Tax losses carried forward	-113 311	-54 033
Temporary differences loss associated company	-	-30 515
Basis for calculation of deferred tax	-140 656	-109 538
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-39 383**	**-30 671**

Received group contribution without tax effect	300 000	204 700

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

The company has per 31.12.2010 drawn NOK 200 million upon a credit facility of NOK 250 million. The facility amount of NOK 200 million falls due in December 2011 and is presented as short term debt in the financial statements. Per 31.12.2009 the facility was fully drawn at NOK 250 million.

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

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

The company's withdrawn amounts/bank deposits in financial institutions included the group account system as at 31.12.2010 consist of:

	2010	2009
Cash at banks and on hand	453	20 615
Tax withholdings	-	-
Total cash and bank deposits	**453**	**20 615**
Credit facility	-200 000	-
Bank accounts related to the group account system	-206 281	-149 829
Total short term liabilities to financial institutions	**-406 281**	**-149 829**

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 three months depending on the company's need for liquidity. These deposits earn interest income based on the banks' terms related to short term deposits.

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

NOTE 12 - OVERVIEW OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2010 (outstanding shares):

Name	Shares	% of shares
GC RIEBER AS	23 108 110	52,9 %
AS ODIN II	5 003 555	11,5 %
A/S JAVIPA	1 414 800	3,2 %
PELICAHN AS	1 300 000	3,0 %
LEIF HILMAR SØRENSEN	922 000	2,1 %
G.C. RIEBER OG HUSTRU FØDT GYSINS	860 000	2,0 %
P.G. RIEBER OG HUSTRU FØDT MARTENS	700 000	1,6 %
G.C.RIEBER & CO. A/S UNDERSTØTTELSESFOND	665 171	1,5 %
PARETO AKSJE NORGE	611 900	1,4 %
RBC DEXIA INVESTOR SERVICES TRUST	585 913	1,3 %
JOHANNE MARIE MARTENS	400 000	0,9 %
VIBEN AS	398 900	9,0 %
BENEDICTE MARTENS NES	356 250	0,8 %
STORKLEIVEN AS	336 500	0,8 %
DELTA A/S	328 000	0,8 %
CELSIUS AS	305 900	0,7 %
PARETO AKTIV	292 700	0,7 %
JO-ANN REUTERDAHL MIETLE	272 000	0,6 %
TANNLEGE RANDI ARNESEN AS	243 814	0,6 %
RANDI JEBSEN ARNESEN	218 000	0,5 %

Shares owned or controlled by members of the board and the acting CEO:

Name	Shares
Paul-Chr. Rieber	1 300 000
Hans Petter Amundsen Klohs	19 600

As at 31.12.2010, GC Rieber AS owns 23.108.110 shares in GC Rieber Shipping ASA. This constitutes 52.9 % of the outstanding shares in the company.

NOTE 13 – CURRENCY GAIN / LOSS (NOK 1000)

	2010	2009
Realized agio/disagio (-)		
Owners supplies Singapore/Spain	7 914	2 702
Fixed assets	-	387
Cash and cash equivalents	19	84
Loan to GC Rieber Shipping Ltd (USD)	-	68
Loan to Bluestone (USD)	278	-
Total realized agio/disagio	**8 210**	**3 241**
Unrealized agio/disagio (-)		
Loan to GC Rieber Shipping Ltd (USD)	438	-7 334
Loan to Polar Marine I Pte Ltd (EUR)	-1 640	-10 948
Loan til Polar Marine II Pte Ltd (EUR)	-1 735	-10 948
Loan to GC Rieber Shipping Asia Pte Ltd (USD)	361	244
Loan to Bluestone Offshore Pte Ltd (USD)	-	211
Cash and cash equivalents	-2 330	6 069
Total unrealized agio/disagio	**-4 905**	**-22 707**

NOTE 14 – RECEIVABLES/LIABILITIES (NOK 1000)

	2010	2009
Intercompany transactions		
Long term receivables group	92 371	158 866
Write down long term receivables group	-	-23 900
Short term receivables group	686 526	589 857
Total receivables group	778 897	724 823
Short term liability group	1 561	1 259
Total liability group	1 561	1 259
Other short term receivables		
Accounts receivables	-	44 836
Other short term receivables	621	59 068
Total other short term receivables	**621**	**103 904**

None of the short term receivables or liabilities falls due more than a year per 31.12.2010.

Short term receivables consists of group contribution received from Polar Ship Invest I AS of NOK 300 million (without tax effect), sellers credit of NOK 283 million to Polar Ship Invest III AS and sellers credit of NOK 76 million to GC Rieber Offshore Asia AS. Short term receivables also include a convertible loan to Octio AS of NOK 16 million.

Long term receivables are comprised of loan to associated company NOK 30 million, loan to GC Rieber Shipping Ltd NOK 32 million and loan to GC Rieber Shipping Asia Pte Ltd NOK 30 million.

NOTE 15 – SECURITY AND GUARANTEES

GC Rieber Shipping ASA has guaranteed for NOK 863 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

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

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 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 2010, the statements of income and cash flows for the year then ended as well as a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2010, the profit and loss statement and statement of comprehensive income, statement of cash flows and statement of 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 the for 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 2010 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 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 Group as of 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards on Accounting as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report 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 properly record and document the Company's accounting information as required by law and generally accepted bookkeeping practice in Norway.

Bergen, 10 March 2011
ERNST & YOUNG AS

Jørund Haga Indrehus
State Authorised Public Accountant (Norway)

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

FLEET

/ FLEET

/ POLARBJØRN

The "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 chartered to the UK Ministry of Defence (MoD) from medio April 2011 to March 2014, and will function 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 inhouse and launched 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 also undertaken heavy-duty ROV and construction support duties, including removing oil from the sunken tanker "Prestige" at water depths of almost 4000 m. The vessel is on a charter to subsea contractor Technocean AS, a subsidiary of Reef Subsea AS.

/ 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" (previously "Geo Explorer") was acquired by GC Rieber Shipping in June 2008 and later transferred to the subsidiary Octio (December 2008). In May 2010, GC Rieber Shipping re-purchased the vessel from Octio. "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 2012) with Dolphin Geophysical.

/ GEO ATLANTIC

The high capacity 3D/4D vessel "Geo Atlantic" was acquired from PGS in June 2009 for a price of USD 58 million, including the current charter with Fugro. 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/4D 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 will in April 2011 commence on a three-year charter with Technocean.

/ 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. Armada Seismic has chartered the "Polar Duke" to Dolphin Geophysical for five years, commencing in April 2011.

/ NEW BUILD "533"

Newbuilding "533" will be a high capacity seismic vessel and the newbuilding was acquired by GC Rieber Shipping's subsidiary Armada Seismic from the Factorias Vulcano yard (Spain) in June 2010. The vessel is expected to be delivered in Q1 2012. Newbuilding "533" will be a 14 streamer vessel and 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. Armada Seismic has entered into an option agreement with Dolphin Geophysical concerning a three-year charter for "533". Under the agreement, Dolphin Geophysical has to exercise the option prior to 1 November 2011.

/ NEW BUILD "703"

The newbuilding no. 703 was acquired from Sea4 in September 2009. The IMR/CSV subsea vessel are of Skipsteknisk ST-254L CD design. The vessel is currently being built at Freire Shipyard (Spain) and expected delivery date for the vessel is in the second half 2011. 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 will be built to IMO SPS 2008 rules.

/ 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
GC RIEBER SHIPPING - BERGEN (NORWAY)
Venturer
Princess
Search
Geo Pacific
Seven Mar

SHIP MANAGEMENT FLEET
GC RIEBER SHIPPING - SEVENOAKS (ENGLAND)
Polar Sea
Beaufort Explorer
PGS Apollo
Volstad Surveyor

CORPORATE STRUCTURE

/ CORPORATE STRUCTURE PER APRIL 2011