



INTERIM REPORT 4<sup>TH</sup> QUARTER 2014 OCEANTEAM SHIPPING ASA



**OCEANTEAM SHIPPING**



## OCEANTEAM SHIPPING ASA – Q4 2014 INTERIM REPORT

Issue date 19<sup>th</sup> February 2015

# A STRONG FINISH

Oceanteam Shipping ASA ended 2014 with a strong quarter. Good operational performance resulted in an operating profit of USD 5.6 million and a net result of USD 0.2 million.

The Company completed the transfer of a 50 % ownership stake in a jointly owned Pipe Lay Vessel, North Ocean 102, to J. Ray McDermott Norway. The transaction is part of the Company's long-term strategy to deleverage and to strengthen its balance sheet.

Oceanteam Solutions, the Company's marine asset and design engineering divisions, are focusing more and more on a solution driven offshore service by combining its engineering and equipment capabilities into one unique single service solution for specific clients. This transition is well on track. Its proportion of the Company's earnings has increased and Oceanteam Solutions will be a key contributor to the Company's future growth, in addition to the stable long-term focus on the shipping business.

DOT Shipping, a joint venture with Grupo Diavaz from Mexico, took delivery of two new build FSV's. The vessels are now in transit to Mexico, where they both will begin a seven year firm time charter contract. DOT Shipping currently has one large offshore support vessel under construction, which is already booked against a long term time charter. For this vessel DOT Shipping closed a joint venture with Pacific Radiance Ltd of Singapore.

Oceanteam is an offshore shipping Company and solutions provider. Besides owning, chartering and managing deep-water offshore support vessels and FSV's, the Company has an increased focus on providing complete offshore solutions to its clients.

For more information about the Company: [www.oceanteam.no](http://www.oceanteam.no) / [www.rentocean.com](http://www.rentocean.com) / [www.kci.nl](http://www.kci.nl)

### HIGHLIGHTS FOR THE QUARTER

- Revenue from operations USD 15.8 million
- EBITDA from operations is positive USD 8.6 million
- Operating profit of USD 5.6 million
- Net finance negative USD 4.6 million
- Net profit for the quarter is positive USD 0.2 million
- Sale of 50 percent ownership stake in CSV North Ocean 102 to J. Ray McDermott
- DOT Shipping took delivery of two new build FSV's. Both will start a seven year time charter in March 2015
- Contracts for FSV's operating in Venezuela has been extended until end 2015
- RentOcean awarded contract to supply a lay spread for a cable laying project in Mexico
- RentOcean executed a contract for a 3000T onshore modular turntable
- KCI awarded increased scope on a major innovative structure project in Middle East
- KCI awarded various larger and smaller contracts in the oil and gas and offshore renewable markets



## KEY FIGURES FOR THE GROUP

### GROUP Figures in USD '000

	Q4 2014	Q4 2013**	2014	2013*	2012*
Revenue	13 785	7 071	57 233	60 090	64 269
Net income of joint ventures & associates	2 051	2 978	10 807	1 735	2 268
Operating costs	(3 046)	(3 377)	(16 450)	(19 268)	(23 384)
General & administration	(4 211)	(6 113)	(21 315)	(18 398)	(14 423)
<b>EBITDA</b>	<b>8 579</b>	<b>559</b>	<b>30 276</b>	<b>24 157</b>	<b>28 730</b>
<b>EBITDA percentage of revenue</b>	<b>54 %</b>	<b>6 %</b>	<b>44 %</b>	<b>39 %</b>	<b>43 %</b>

\* Joint venture companies and associates reported by using proportionate consolidation.

\*\* Joint venture companies and associates reported by using equity consolidation.

The shipping segment currently consists of interests in two multipurpose construction support vessels, one pipe lay vessel and one large offshore support vessel under construction. In addition the Company operates four fast support vessels, two of which are working in Venezuela and two are due to start operations in Mexico. All vessels have been fully employed with only CSV Southern Ocean having a lower utilisation due to dry docking at year end. The vessel completed its 5 year maintenance programme in February and is contracted until the end of 2018 (plus options for extension) with Fugro TS Marine Australia.

Oceanteam Solutions consists of KCI and RentOcean.

KCI designs and engineers complete platforms and

infrastructure for the oil & gas and renewable markets, deck layouts, cable & pipelay solutions and HSE procedures.

RentOcean, marine asset services, which rents out a pool of lay and burial equipment, lay and storage turntables and offshore service personnel.

USD million	Q4 14	Q4 13	%	2014
<b>Revenue</b>	<b>15,8</b>	<b>10,0</b>	<b>58 %</b>	<b>68,0</b>
Operating costs	(3,0)	(3,4)	(10 %)	(16,4)
<b>EBITDA</b>	<b>8,6</b>	<b>0,6</b>	<b>1 435 %</b>	<b>30,3</b>

## 2014 OPERATIONS

- CSV Bourbon Oceanteam 101 is on a charter with Oceaneering in Angola. The vessel was off hire for a few days in November and December for repairs. During the third quarter Oceaneering exercised both one year options extending the time charter to February 2017.
- CSV North Ocean 102 has had full utilisation. McDermott has executed the purchase option for the vessel in fourth quarter 2014 and the transaction was completed in December 2014.
- CSV Southern Ocean has had full utilization for the quarter until the last few days of December when it started its 5 year maintenance period and lifeboat upgrade.
- Lay Vessel North Ocean 105 has been on time charter with J. Ray McDermott S.A. and has had full utilisation.
- FSV Cobos and Icacos have been successfully delivered and are currently on their way to Mexico to start operations.
- Two Fast Support Vessels have been working in Venezuela and have had full utilisation. The charters have been extended to December 2015.
- RentOcean, marine asset services, has been working on multiple contracts during the quarter and has increased its backlog for the future.
- Operated a long-term contract consisting of a 2000T modular turntable, loading tower and new 15T tensioner in Brazil.
- Delivered for a long-term contract a 3000T onshore turntable in The Netherlands.
- Awarded contract and started construction of a portal with a built in powered quadrant in the Netherlands.

KCI, design engineering services, has been working on various contracts for clients in both the oil & gas and offshore renewable markets. 'The Next Step' programme, initiated in October 2013, has come to an end. The project has significantly strengthened the Company's engineering and project management capabilities and the management of the Company. KCI has had an average of 130 engineers working on the following multi discipline projects:

- Engineering and procurement services for new field developments in the Netherlands, with greenfield developments onshore.
- Engineering and procurement for several small brownfield projects are ongoing in the Netherlands (both offshore and onshore).
- Engineering on an innovative structure project in Middle East. Further details to follow.
- Basic design of gas sweetening unit has been finalised successfully and detail design and procurement phases were started.
- Under a service agreement, several brownfield/ maintenance offshore activities are proceeding in structural, piping and subsea departments.
- Design of innovative quadrant handler system.
- Concept design for drill system substructure, skid table and pipe rack.
- Design of new turntable drive system.
- Concept design for various turntable systems for storage and cable laying.
- Detailed design & engineering for topside of offshore substation.
- Feasibility study for substructure for substation is performed successfully.

The Next Step programme implemented within KCI will be rolled out through the rest of the associated Oceanteam companies.

## MARKET AND FUTURE OUTLOOK

The oil price has decreased significantly and fluctuations in oil prices will affect the demand for the Company's services going forward. We remain positive on the long-term fundamentals of the relevant industries.

In the long-term, exploration and production activities are likely to increase and consequently the demand for large construction support vessels and services are likely to grow.

The Company has always focused on strong long-term backlog seeking full utilisation of its assets, a proven strategy that gives long-term stable cash flow. Geopolitical tension will make certain regions develop faster or slower and therefore the Company has chosen to focus on stable regions and to team up with strong local partners and clients.

In Western Europe many offshore wind parks have been delayed due to lack of funding, supply chain problems, cost overruns and changes in countries' policies. During 2015 and for the years to come, the Company expects demand for offshore renewable related services to increase. The exact timing of existing projects currently in the development stage remains uncertain but overall the market is expected to grow, resulting in an increased demand for support vessels and associated services. The focus of the

industry is on reducing installation and maintenance costs and using flexible solutions, which Oceanteam can provide with its solution driven services.

Larger wind farms allow improved fixed cost allocation but also increase project complexity and demand for engineering services. Oceanteam Solutions focuses on combining the different disciplines and resources into cost effective solutions which creates new opportunities.

Oceanteam spends significant resources on market research and intelligence. It adapts its strategy and risk profiles when the analyses deems this to be prudent.

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

Oceanteam Shipping is confident and to date has secured sufficient projects in both the oil and gas market and the offshore renewable market to maintain a high to good level of utilisation of its assets and engineers.

An important milestone in 2014 has been the

establishment of DOT Shipping, a joint venture with Grupo Diavaz in Mexico. In this captive market the Company's goal is to provide the complete vertical supply chain through their cutting edge engineering solutions. Through this joint venture Oceanteam's operations are expected to grow in the coming years.

The shipping segment is based on long-term contracts. The Company has a strong track record of securing such contracts. During the third quarter further extensions were received from Oceaneering for CSV Bourbon Oceanteam 101.

KCI, design engineering services, are built on a 27 year track record of multiple short term contracts of different sizes and durations.

RentOcean maintains a steady level of success in the historically strong offshore renewable market. In 2014 RentOcean secured its first two oil and gas contracts supplying services for Korea and Brazil.

Several major projects started in 2014 and the current backlog for our equipment is USD 14 million, in addition there are USD 47 million in tenders. The Company continues to experience strong interest for its vessels and services from globally leading companies.

Contract backlog		2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4	2017 Q1-2	2017 Q3-4	2018 Q1-2	2018 Q3-4	2019 Q1-2	2019 Q3-4	2020 Q1-2	2020 Q3-4
Shipping	Type of contract														
CSV BO 101	time charter														
CSV North Ocean 102*	bareboat														
CSV Southern Ocean	bareboat														
LV North Ocean 105	time charter														
FSV Mantaraya	bareboat														
FSV Tiburon	bareboat														
FSV Cobos	time charter														
FSV Icacos	time charter														
CSV Large	time charter														

■ Dry Dock ■ Contract ■ Option ■ Under construction

\* McDermott has executed the purchase option in fourth quarter 2014. For further details, please see Note 5

## FINANCIAL RISK

The Company is exposed to financial risk in different areas. Financial risks include interest rate risk and currency risks, investment and trading risks in general, borrowing and leverage risks and risks in connection with the vessels built under the Spanish tax lease system. The Lay Vessel North Ocean 105 will be under the Spanish tax lease structure until end February 2015.

The Company has revenues and liabilities in foreign currencies and is exposed to currency risks. The revenue is divided equally between USD and EUR. Since the reporting currency is in USD the foreign currency exposure is for liabilities in the EURO and its fluctuations with the USD.

The Company is exposed to changes in interest rates as the bulk of its debt has floating rates. In the loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 percent of the Libor interest rates are fixed. This protects the Company from volatile interest rate fluctuations. The USD bond loan and the loan for the North Ocean 102 (for which the Company sold its interest in the fourth quarter of 2014) have a floating quarterly Libor. With the new debt maturity secured in 2012 and the forward interest curves, the Company sees a satisfactory risk level. The objective of the Company is to reduce financial risk as much as possible. Current strategy includes the use of financial instruments but is largely based on natural hedging where income streams and costs are matched for the various projects. This however is continuously being assessed by the management and the Board of Directors.

Oceanteam Shipping's balance sheet is leveraged with USD 154 million in non-current liabilities, including first year's installments. USD 35 million is due in April 2015 according to the terms of the bond loan of USD 92.5 million.

## LIQUIDITY RISK

At the quarters end, the working capital and liquidity position of the Company is satisfactory. The Group is working to support its growth in RentOcean, DOT Shipping & KCI by securing external equipment financing and selling underutilised assets. The year was affected by the start-up of significant projects within RentOcean requiring investments and working capital. The parent company, Oceanteam Shipping ASA, depends on liquidity flows from subsidiaries and the joint venture companies owned with its joint venture partners. An amount of NOK 128.5 million have been paid up to Oceanteam Shipping ASA in 2014.

As of 31 December 2014 the Company still had some legal cases pending but the probability of a positive outcome of the cases is high according to our legal advisors. The Company filed a lawsuit against Sawicon AS and North Sea Shipping for the infringement of the Company's right to the North Ocean 100 series. The court case against Sawicon and North Sea Shipping will continue in 2015 and all costs are recorded as they occur.

The partial repayment of the bond loan, in the amount of USD 35 million, will be executed in April 2015.

Trade receivables for shipping segment are USD 4.5 million per quarter end where USD 3.9 million has been received in Q1 2015. For RentOcean and KCI, of the USD 4.2 million of outstanding trade receivables at the quarters end, USD 1.7 million has been received in Q1 2015.

## INVESTMENTS

- RentOcean is in the process of expanding its equipment pool with new turntables, loading towers, reels and associated services.
- KCI, design engineering services, have been working on various contracts for multiple clients in both the oil and gas and offshore renewable markets. In addition significant resources have been allocated to 'The Next Step' restructuring and investment programme which was initiated in October 2013.

## TAX LOSSES

The Company has a deferred tax asset on the balance sheet in total of USD 6.0 million. In addition to this the Company has received confirmation from the tax authorities of a deferred tax loss of NOK 1.1 billion in October 2014 for the Norwegian entities which are not on the balance sheet. The deferred tax losses for operations outside Norway are EUR 52 million. The tax losses arise from losses in 2008 and 2009, since then the company has continued to be operational profitable.

## EVENTS AFTER THE BALANCE SHEET DATE

- DOT Shipping took delivery of two new build FSV's. The vessels are now underway from the shipyard to Mexico, where they both will begin a seven year contract.
- RentOcean was awarded a contract for a cable laying project in Mexico.
- Oceanteam announces a stronger focus on and transition to providing solution driven services by combining its engineering and equipment capabilities into a single service in accordance with clients' requests.
- Bank approved a growth facility for new Solution and Equipment investments.

## GOING CONCERN

In accordance with the Accounting Act § 3-3a Oceanteam Shipping confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2015 – 2016 and the Group's long-term strategic forecasts. The annual report for 2013 is available on [www.oceanteam.no](http://www.oceanteam.no)



FSV's Iacos and Cobos lifted onto vessel for transport to Mexico



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### GROUP Figures in USD '000

	Notes	Unaudited Q4 2014	Unaudited Q4 2013*	Unaudited Cum Q4 2014	Unaudited Cum Q4 2013*
Revenue		13 785	7 071	56 267	29 245
Gain on disposal of asset				966	
<b>Total operating revenues</b>	4,11	<b>13 785</b>	<b>7 071</b>	<b>57 233</b>	<b>29 245</b>
<b>Net income of associates/Joint Ventures</b>	13	<b>2 051</b>	<b>2 978</b>	<b>10 807</b>	<b>15 283</b>
Operating costs		(3 046)	(3 377)	(16 450)	(14 902)
General & administration		(4 211)	(6 113)	(21 315)	(18 271)
Depreciation	2	(2 731)	(796)	(10 208)	(4 236)
Write off		(233)	146	(327)	99
<b>Total operating expenses</b>		<b>(10 221)</b>	<b>(10 140)</b>	<b>(48 299)</b>	<b>(37 310)</b>
<b>Operating profit (loss)</b>		<b>5 615</b>	<b>(91)</b>	<b>19 741</b>	<b>7 218</b>
Financial income		10	17	40	56
Financial costs	5	(4 052)	(3 134)	(15 715)	(12 607)
Foreign exchange results (loss)		(523)	(31)	(402)	62
<b>Net finance</b>		<b>(4 564)</b>	<b>(3 148)</b>	<b>(16 077)</b>	<b>(12 489)</b>
<b>Ordinary profit (loss) before taxes</b>		<b>1 051</b>	<b>(3 239)</b>	<b>3 665</b>	<b>(5 271)</b>
Income tax	6	(818)	(178)	(591)	1 161
<b>Net result</b>		<b>233</b>	<b>(3 415)</b>	<b>3 073</b>	<b>(4 110)</b>

\* Figures for Q4 2013 and Cum Q4 2013 are restated to equity consolidation for all joint venture companies in Group



**GROUP Figures in USD '000**

	Unaudited	Unaudited	Unaudited	Unaudited
Condensed consolidated statement of comprehensive income	Q4 2014	Q4 2013*	Cum Q4 2014	Cum Q4 2013*
Total net result	233	(3 415)	3 073	(4 110)
<b>Other comprehensive income</b>				
<b>Items that will never be reclassified to profit or loss</b>				
Changes in revaluation model	2, 12	(28 649)	4 519	(18 149)
		<b>(28 649)</b>	<b>4 519</b>	<b>(18 149)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences		8	640	(1 195)
		<b>8</b>	<b>640</b>	<b>(1 195)</b>
<b>Other comprehensive income, net of tax</b>		<b>(28 641)</b>	<b>(17 509)</b>	<b>1 168</b>
<b>Total comprehensive income for the year**</b>		<b>(28 408)</b>	<b>(14 436)</b>	<b>(3 106)</b>
<b>Profit (loss) attributable to:</b>				
Owners of the Company	(1 232)	(3 008)	(2 124)	(4 124)
Non controlling interests	1 465	(407)	5 197	14
<b>Profit (loss)</b>	<b>233</b>	<b>(3 415)</b>	<b>3 073</b>	<b>(4 110)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(29 873)	1 511	(19 633)	(3 120)
Non controlling interests	1 465	(407)	5 197	14
<b>Total comprehensive income for the year</b>	<b>(28 408)</b>	<b>1 104</b>	<b>(14 436)</b>	<b>(3 106)</b>
<b>Earnings per share (in USD)</b>				
Basic earnings per share (in USD)	0,01	(0,12)	0,10	(0,14)

\* Figures for Q4 2013 are restated to equity consolidation for all joint venture companies in Group

\*\* Change in non-controlling interest had wrongly been included in other comprehensive income in Q1 2014 report but corrected in Q2 2014 report and onwards

## CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITION

### GROUP Figures in USD '000

	Notes	Unaudited 31.12.2014	Unaudited 31.12.2013*	Audited 31.12.2013
<b>Assets</b>				
Deferred tax assets	6	6 000	6 000	6 000
Customer relations and other intangible assets		1 757	1 737	1 737
Goodwill		12 987	12 987	12 987
<b>Intangible assets</b>	<b>3</b>	<b>20 744</b>	<b>20 724</b>	<b>20 724</b>
Investment in associates and Joint Ventures	2, 9	42 953	115 201	16 120
Vessels and equipment	2	183 764	22 088	220 109
<b>Tangible assets</b>	<b>2, 9</b>	<b>226 716</b>	<b>137 289</b>	<b>236 229</b>
<b>Total non current assets</b>		<b>247 460</b>	<b>158 013</b>	<b>256 953</b>
<b>Asset held for sale</b>				<b>1 233</b>
Trade receivables		8 871	4 639	6 315
Other receivables		9 452	43 890	4 777
<b>Receivables</b>		<b>18 323</b>	<b>48 529</b>	<b>11 092</b>
<b>Cash and cash equivalents</b>		<b>44 547</b>	<b>6 240</b>	<b>19 945</b>
<b>Total current assets</b>		<b>62 870</b>	<b>54 769</b>	<b>32 270</b>
<b>Total assets</b>		<b>310 330</b>	<b>212 783</b>	<b>289 223</b>
<b>Equity and liabilities</b>				
Share capital		2 595	2 595	2 595
Treasury shares		(257)	(257)	(257)
Reserves	13	(4 326)	3 512	3 512
Revaluation reserve	2, 12	84 499	97 944	97 944
<b>Equity attributable to owners of the Company</b>		<b>82 511</b>	<b>103 794</b>	<b>103 794</b>
Non-controlling interests		57 975	3 274	3 274
Revaluation reserve		(4 704)		
<b>Total non-controlling interests</b>	<b>9</b>	<b>53 271</b>	<b>3 274</b>	<b>3 274</b>
<b>Total equity</b>	<b>13</b>	<b>135 782</b>	<b>107 068</b>	<b>107 068</b>
Loans and borrowings		110 870	86 840	157 421
<b>Total non current liabilities</b>	<b>5</b>	<b>110 870</b>	<b>86 840</b>	<b>157 421</b>
First year installments	5	43 100	101	9 701
Trade payables		5 900	5 098	6 072
Tax payable		110	58	182
Other current liabilities		14 569	13 620	8 779
<b>Total current liabilities</b>		<b>63 679</b>	<b>18 877</b>	<b>24 734</b>
<b>Total liabilities</b>		<b>174 549</b>	<b>106 201</b>	<b>182 639</b>
<b>Total equity and liabilities</b>		<b>310 330</b>	<b>212 783</b>	<b>289 223</b>

\* Figures per 31.12.2013 in this column is restated to equity consolidation for all joint venture companies in Group.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	Notes	Unaudited Cum Q4 2014	Unaudited 2013
<b>Equity at period opening balance (Number of shares: 29,593,259)</b>	<b>13</b>	<b>104 877</b>	<b>112 068</b>
Profit after taxes majority		(2 124)	(4 125)
Profit after taxes minority		5 197	14
Revaluation of assets		(18 744)	2 363
Tax on revaluation reserve		595	604
Translation differences		641	(1 195)
Adjustments prior period	13	136	(422)
<b>Transactions with owners of the Company, recognised directly to equity</b>			
Changes in non-controlling interests		49 504	(767)
Investments		(4 300)	
Equity issue			
Purchase of own shares			(1 472)
<b>Equity at period end (Number of shares: 29,593,259)</b>		<b>135 782</b>	<b>107 067</b>

### Condensed consolidated statement of changes in equity

	Share capital	Treasury shares	Share premium	Trans- lation reserve	Other equity	Total other equity	Re- valuation reserve	Non controlling interests	Total equity
<b>Equity at 31 December 2013</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(2 203)</b>	<b>5 659</b>	<b>3 457</b>	<b>97 944</b>	<b>3 274</b>	<b>104 877</b>
Profit and loss					(2 124)	(2 124)		5 197	3 073
Coverage of previous losses									
<b>Other comprehensive income</b>									
Changes in revaluation model							(14 040)	(4 704)	(18 744)
Tax on revaluation reserve							595		595
Translation differences				641		641			641
<b>Total comprehensive income</b>				<b>641</b>	<b>(2 124)</b>	<b>(1 483)</b>	<b>(13 445)</b>	<b>493</b>	<b>(14 436)</b>
<b>Contributions by and distributions to owners</b>									
Change in non controlling interests								51 893	51 893
Dividends to non-controlling interests								(2 389)	(2 389)
Investments/Revaluation					(4 300)	(4 300)			(4 300)
Adjustments prior period					136	136			136
Issue of ordinary shares									
Change in treasury shares									
<b>Equity per 31 December 2014</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(1 562)</b>	<b>(1 877)</b>	<b>(3 438)</b>	<b>84 499</b>	<b>53 271</b>	<b>135 782</b>

**GROUP Figures in USD '000**

Condensed consolidated statement of changes in equity

	Share capital	Treasury shares	Share premium	Trans-lation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
<b>Equity at 31 December 2012</b>	<b>2 595</b>	<b>(87)</b>	<b>1 304</b>	<b>(1 008)</b>	<b>10 260</b>	<b>9 252</b>	<b>94 977</b>	<b>4 027</b>	<b>112 068</b>
Profit and loss					(4 125)	(4 125)		14	(4 111)
Coverage of previous losses									
Decrease in non-controlling interests								(767)	(767)
<b>Other comprehensive income</b>									
Changes in revaluation model							2 363		2 363
Tax on revaluation reserve							604		604
Translation differences				(1 195)		(1 195)			(1 195)
<b>Total comprehensive income</b>				<b>(1 195)</b>	<b>(4 125)</b>	<b>(5 320)</b>	<b>2 967</b>	<b>(753)</b>	<b>(3 106)</b>
<b>Contributions by and distributions to owners</b>									
Adjustments prior period					(422)	(422)			(422)
Issue of ordinary shares									
Change in treasury shares		(170)			(1 302)	(1 302)			(1 472)
<b>Equity per 31 December 2013</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(2 203)</b>	<b>4 411</b>	<b>2 209</b>	<b>97 944</b>	<b>3 274</b>	<b>107 067</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

	Notes	Unaudited Cum Q4 2014	Cum Q3 2013
<b>Ordinary profit (loss) before taxes</b>		<b>3 665</b>	<b>(5 271)</b>
Depreciation and amortization of tangible assets	2	10 208	4 236
Tax paid		50	6
Write off assets		327	99
Net income of associates		4 991	(4 213)
Change in trade receivables		(4 728)	(694)
Change in other receivables		12 057	(3 484)
Change in trade payables		515	310
Change in other accruals		578	(824)
Items classified as investing activities		(3 101)	10 629
Interest expense without cash effect		1 147	1 342
<b>Net cash flow from operating activities</b>		<b>25 708</b>	<b>2 135</b>
Cash out due to investments		(10 875)	(9 153)
Cash in due to investments		1 579	46
Cash in due to sale of shares		21 330	
<b>Net cash flow from investing activities</b>		<b>12 034</b>	<b>(9 107)</b>
Repayment of debt		(9 642)	(1 076)
<b>Net cash flow from financing activities</b>	5	<b>(9 642)</b>	<b>(1 076)</b>
Equity issue			
Purchase of own shares			(1 472)
<b>Net cash flow from share issue</b>			<b>(1 472)</b>
Effect of changes to exchange rates on cash and cash equivalents		779	
<b>Net change in cash and equivalents</b>		<b>28 880</b>	<b>(9 520)</b>
<b>Cash and equivalents at start of period**</b>		<b>15 667</b>	<b>15 759</b>
<b>Cash and equivalents at end of period*</b>		<b>44 547</b>	<b>6 239</b>

\* Restricted cash is USD 0.5 million, in addition the Group has an overdraft facility of EUR 0.5 million and treasury shares estimated to USD 2.3 million in fair market value.

\*\* Cash and cash equivalents at start of period for Cum Q4 2014 is different from restated balance per 31.12.2013 due to the net cash effect of the 100 % consolidation of Oceanteam Bourbon 4 AS amounting up to USD 9.4 million.

## SELECTED EXPLANATORY NOTES

Oceanteam is an offshore shipping company and solutions provider. Besides owning, chartering and managing deep-water offshore construction vessels, the Company has increased its focus on combining marine asset services with complementary engineering services to deliver full service solutions for our clients.

### NOTE 1 – FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q4 2014 has been prepared in accordance with IAS 34 Interim Financial Statements and it has been prepared in accordance with the same accounting principles as the Financial Statements for 2013, unless otherwise stated.

**Oceanteam have applied the following standards from Q1 2014:**

IFRS 10 Consolidated Financial Statements

IAS 27 Separate Financial Statements

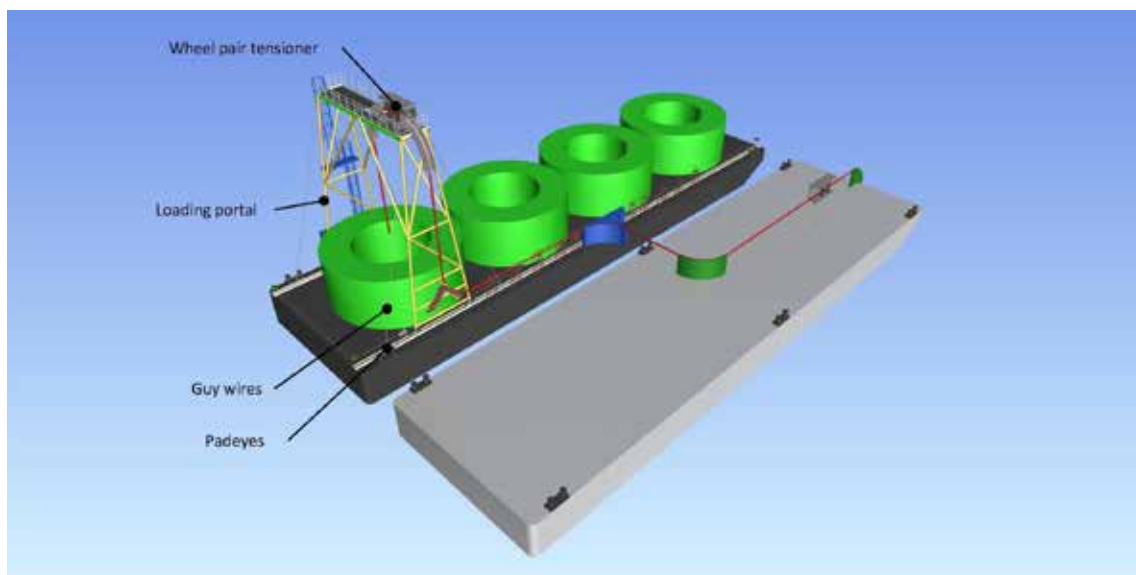
IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures.

Due to the implementation of the standards above, two of the joint venture companies are now equity accounted compared to proportional consolidation previously. A third company, Oceanteam Bourbon 4 AS, has been fully consolidated due to change in shareholders agreement since the Group has gained control over this company. Also due to the change in shareholders agreement, Bourbon Offshore Norway AS has gained control over Oceanteam Bourbon 101 AS and therefore Oceanteam's interest in this company has been reclassified as an associate.

There have been changes in income statement and balance sheet since Q4 2013 report and Annual report 2013. In Q4 2013 report, investments in joint ventures and associates have been equity accounted and Oceanteam Bourbon 4 AS has been 100 percent consolidated.

Since the change of control not being effective in 2013, the balance sheet has been restated and Oceanteam Bourbon 4 AS is equity accounted in the restated balance sheet per 31.12.2013.



KCI's drawing of portal for an offshore wind farm project

## NOTE 2 – TANGIBLE ASSETS

GROUP Figures in USD '000

Investments in joint ventures and associates						
	Investment in Ocean- team Bour- bon 101 AS	Investment in North Ocean II KS	Investment in North Ocean 105 AS	Investment in DOT Shipping Group	Investment in Ocean- team Bour- bon Spares & Equipment AS	Total
Carrying amount of investment per 30 Sept 2014	2 149	14 679	12 238	(50)	80	29 096
Investments			(300)	3 155		2 855
Net result from investment	1 444	220	(1 602)	(98)	(5)	(41)
Sale of investment		(14 899)				(14 899)
Revaluation per 31 December 2014	23 236		2 707			25 943
<b>Total carrying amount 31 December 2014</b>	<b>26 829</b>	<b>0</b>	<b>13 043</b>	<b>3 006</b>	<b>76</b>	<b>42 953</b>

Vessel and Equipment			
	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 30 September 2014	146 586	44 288	190 874
Additions		1 457	1 457
Disposals			
<b>Historical Cost 31 December 2014</b>	<b>146 586</b>	<b>45 745</b>	<b>192 330</b>
Accumulated depreciation 30 September 2014	(19 222)	(10 943)	(30 164)
Depreciation	(1 670)	(987)	(2 657)
Disposals depreciation			
<b>Accumulated depreciation 31 December 2014</b>	<b>(20 892)</b>	<b>(11 930)</b>	<b>(32 821)</b>
Accumulated impairments 30 September 2014		(8 553)	(8 553)
Impairments/reversals			
<b>Accumulated impairments 31 December 2014</b>		<b>(8 553)</b>	<b>(8 553)</b>
<b>Carrying amount 31 December if CSV's were stated at historical cost</b>	<b>125 694</b>	<b>25 262</b>	<b>150 956</b>
Revaluation per 31 December 2014	32 794		32 794
<b>Total carrying amount 31 December 2014</b>	<b>158 489</b>	<b>25 262</b>	<b>183 751</b>
Depreciation rates	5-25 years	3-15 years	
Depreciation method	none	linear	linear

When internal resources are used to engineer and construct a fixed asset, the relevant costs are added to the historical cost. All construction financing costs are capitalized. The Construction Support Vessels (CSV's), the Lay Vessel (LV) and the Fast Support Vessels (FSV's) are financed and held for security, see Note 5 loans and borrowings.

## GROUP Figures in USD '000

Revaluation reserves						
	Revaluation for Bourbon Oceanteam 101	Revaluation for North Ocean 102	Revaluation for North Ocean 105	Revaluation for Southern Ocean	Revaluation NCI	Total
<b>Revaluation reserve 30 September 2014</b>	<b>36 792</b>	<b>11 848</b>	<b>7 671</b>	<b>48 468</b>	<b>2 913</b>	<b>107 692</b>
Change in revaluation	(8 231)	(1 330)	(4 449)	(7 617)	(7 617)	(29 244)
Tax effect		595				
<b>Gross Revaluation reserve 31 December 2014</b>	<b>28 561</b>	<b>11 113</b>	<b>3 222</b>	<b>40 851</b>	<b>(4 704)</b>	<b>79 043</b>
Accumulated depreciation premium values 30 Sept 2014	(5 163)	(4 254)	(459)	(2 898)		(12 773)
Depreciation premium values	(162)	(6)	(56)	(455)		(680)
<b>Total depreciation premium values</b>	<b>(5 325)</b>	<b>(4 260)</b>	<b>(515)</b>	<b>(3 353)</b>		<b>(13 453)</b>
<b>Net revaluation reserve 31 December 2014</b>	<b>23 236</b>	<b>6 853</b>	<b>2 707</b>	<b>37 498</b>	<b>(4 704)</b>	<b>65 590</b>
<b>Accumulated depreciation 31.12.2014 over P&amp;L</b>						<b>14 205</b>
<b>Total Revaluation Reserve 31 December 2014</b>						<b>79 795</b>

## OPERATING LEASE

In February 2014, the first 4000T turntable was delivered to the lessee in accordance with the agreement to lease out the equipment. Among other factors, the lease period is for 2 years and the lessee has the option to purchase the equipment at an agreed price. In July 2014, a second 4000T turntable was delivered to the same lessee, but with no purchase option connected to this lease agreement. The Company considers these two turntables as one large project and has made an assessment of the different elements of the contracts, including the commercial aspects of the contracts, and as to whether or not there are a substantial risks or rewards when ownership is transferred to the lessee. Since the lease period is for a limited period of time compared to the economic life of the assets and the Company retains the majority of the risk related to the asset, therefore it has been classified as an operating lease.

## FAIR VALUE MEASUREMENTS

### Fair value measurement of vessels

A valuation of the Group's vessels and the participation in LV 105 was performed by the company to determine the fair value of the vessels and the interest in LV 105 as at 31 December 2014. All vessels are equity accounted except the Oceanteam Bourbon 4 AS which is 100 percent consolidated. The revaluation surplus net of applicable deferred income taxes were credited to other comprehensive income and is shown in 'Revaluation reserves' in shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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



## GROUP Figures in USD '000

Fair value measurements at 31 December 2014	Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>			USD 000'
Construction support vessels			158 489
Investment in associates			16 049
Investment in joint ventures			26 905
<b>Total carrying amount 31.12.2014</b>			<b>201 443</b>

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

### Fair value measurements using significant unobservable inputs (Level 3)

	USD '000
Opening balance 30.09.2014	251 138
Transfers to/(from) Level 3	
Additions	62
Disposals	
Depreciation	(2 350)
Gains and losses recognised in other comprehensive income	(47 408)
<b>Closing balance 31.12.2014</b>	<b>201 443</b>

### Valuation processes of the Group

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

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

### The assumptions in the revaluation model are the following:

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

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

The three assumptions stated above form the Brokers' joint opinion of the fair market value of any asset in the prevailing market as between a willing seller and a willing buyer, charter free. The Brokers' valuations are done quarterly at the end of the quarter.

- The average of two brokers' valuations on a charter free CSV and Lay vessel with prompt delivery.
- The estimated economical lifetime is 25 years from delivery of the vessel.
- The calculated cash flow from the time charter on the revaluated CSV / Lay Vessel is being compared with the estimated brokers' charter.
- The premium values of the vessels are depreciated linearly over the useful life of the assets.

- The cash flow from the charter is discounted with a WACC of 7.67 percent. The calculation of the WACC has the following assumptions:
  - 10 year state USD
  - a 40/60 ratio of equity / debt
- When Oceanteam Shipping has signed a building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam Shipping is applying the revaluation model for the CSV / Lay Vessels. The accounting impact when applying the revaluation model is that the CSV / Lay Vessel are measured at fair value in the balance sheet. The lines on the balance sheet "Vessels and equipment" on the asset side under tangible assets and the line "Revaluation reserve" are affected by the revaluation method. The historical costs for the CSV / Lay Vessels are shown in the table above for tangible assets under the column "Construction and Support Vessels" and also the revaluation surplus under the line revaluation reserve in the table.
- Per balance sheet date the CSV 101, CSV 104 and LV 105 were revaluated.
- The option price for the LV North Ocean 105 is included in the cash flow connected to the vessel and the option can be called in Q2 2017. When the relevant option period commences, J. Ray McDermott will have 60 days to call the option. If the option is not exercised within the option period, the call option will go to Oceanteam Shipping. The call option price for vessel LV 105 is USD 95.9 million at the initial transaction date 20<sup>th</sup> April 2012 depreciated over 20 years with adjustments for the working capital (excluding inventories and spares). The initial value of the JRM Equipment is USD 22.1 million.

According to IAS 39 this is a financial liability for Oceanteam Shipping to be recognized in the financial statements. When there is uncertainty related to such liabilities, the liability must be estimated. The option value for the LV North Ocean 105 is included in the cash flow connected to the vessel, is based on the management's best estimate.

## NOTE 3 – INTANGIBLE ASSETS

GROUP Figures in USD '000

Q4 2014	Goodwill	Customer relations	Deferred tax	Other	Intangible assets
Historical cost 30 September 2014	12 987	4 400	6 000	1 192	24 579
Additions				618	618
Disposals					
<b>Historical cost 31 December 2014</b>	<b>12 987</b>	<b>4 400</b>	<b>6 000</b>	<b>1 810</b>	<b>25 197</b>
Accumulated amortisation 30 September 2014		(4 400)		(51)	(4 451)
Amortisation					
<b>Amortisation 31 December 2014</b>		<b>(4 400)</b>		<b>(51)</b>	<b>(4 451)</b>
Accumulated impairments 30 September 2014					
Impairments/reversals					
<b>Accumulated impairments 31 December 2014</b>					
<b>Book value 31 December 2014</b>	<b>12 987</b>		<b>6 000</b>	<b>1 759</b>	<b>20 744</b>

## NOTE 4 – SEGMENT INFORMATION

The Group has two segments, Shipping and Oceanteam Solutions, which are the Group's strategic divisions. The segment Oceanteam Solutions consists of KCI and RentOcean.

The strategic divisions offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis.

Segment information	Shipping		Oceanteam Solutions		Total	
	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013
Revenue	6 316	1 322	7 469	5 749	13 785	7 071
Net income of associates	2 051	2 978			2 051	2 978
Operating costs	(217)	22	(2 829)	(3 399)	(3 046)	(3 377)
General & administration	(1 171)	(1 379)	(3 040)	(4 734)	(4 211)	(6 113)
<b>EBITDA</b>	<b>6 979</b>	<b>2 943</b>	<b>1 599</b>	<b>(2 384)</b>	<b>8 580</b>	<b>559</b>
<b>EBITDA</b>	<b>83 %</b>	<b>68 %</b>	<b>23 %</b>	<b>(41 %)</b>	<b>54 %</b>	<b>6 %</b>
<b>Reportable segment profit</b>	<b>(200)</b>	<b>(153)</b>	<b>433</b>	<b>(3 113)</b>	<b>233</b>	<b>(3 266)</b>
<b>Reportable segment assets</b>	<b>262 978</b>	<b>171 244</b>	<b>47 353</b>	<b>43 271</b>	<b>310 330</b>	<b>214 515</b>
<b>Reportable segment liabilities</b>	<b>(148 795)</b>	<b>(87 629)</b>	<b>(25 754)</b>	<b>(18 572)</b>	<b>(174 549)</b>	<b>(106 201)</b>

## NOTE 5 – LOANS AND BORROWINGS

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

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
<b>At 31 December 2014</b>					
Bank/ bond borrowings incl. interest	53 838	17 098	107 022		177 958
Other current liabilities	14 569				14 569
<b>Total liabilities</b>	<b>68 407</b>	<b>17 098</b>	<b>107 022</b>		<b>192 527</b>
<b>At 30 September 2014</b>					
Bank/ bond borrowings incl. interest	54 965	17 201	111 383		183 549
Other current liabilities	13 423				13 423
<b>Total liabilities</b>	<b>68 388</b>	<b>17 201</b>	<b>111 383</b>		<b>196 972</b>

Loans/ Currency of loan	True rate of interest	31 December 2014	30 September 2014
CSV 104 (USD) Secured	LIBOR + margin*	62 775	65 887
Bond loan (USD)	LIBOR + margin	91 150	91 031
Other long term debt		3 368	2 837
<b>Total long-term debt</b>		<b>157 294</b>	<b>159 755</b>
**1st year principal repayments		43 100	43 100
***Borrowing costs		3 324	3 870
<b>Total long-term debt</b>		<b>110 870</b>	<b>112 785</b>

\* 50 % of the LIBOR interest rate is fixed

\*\* 1<sup>st</sup> year principal installments are related to vessel 104 and bond loan

\*\*\* Borrowing costs related to refinancing goes to reduction of long-term debt according to IFRS.

The CSV vessels are collateral for the loans.

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

### LIQUIDITY RISK, FINANCIAL RISK AND MARKET RISK

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

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure and plan for that the Company will always have sufficient liquidity to meet its obligations.

The slowdown in the oil and gas market may slow down liquidity turnover in the companies cash flow.

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

Per Q4 2014 the Group has overdraft facilities of EUR 500.000 in addition to the cash balance of USD 44.5 million. The Group also have control of treasury shares estimated to USD 2.3 million in fair market value.

In Q4 2014 McDermott International Inc. has executed their purchase option for the vessel North Ocean 102. The proceeds from the sale will go towards a USD 35 million amortization on Oceanteam's bond loan debt due in April 2015 and other general corporate purposes.

### **Currency risk**

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

The major currency risk for the Group has until mid Q4 2012 been the nominal bond loan of NOK 400 million and the call premium and the timing of the refinancing of the bond loan. In Q4 2012 Oceanteam Shipping ASA has completed a USD 92.5 million issue where the net proceeds were used to refinance the current bond loan. After this refinancing process, the currency risk has decreased significantly. The total loan amount in USD is 91.1 million per 31 December 2014 and accrued call premium is USD 1.0 million. Incurred interest costs are from now on in USD for all loans. Provisions and other items are all in EUR and USD.

### **Financial risk**

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

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

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

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

The booked equity ratio is 44 percent.

### **Interest risk**

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to fluctuation in interests, Oceanteam Shipping has quarterly fixed interests. The company also has the opportunity to use longer periods as for instance 6 or 9 months etc. Due to the previous uncertainties in the liquidity situation of the Company, Oceanteam Shipping has used quarterly roll over.

### **Market risk**

The Company has invested 25 % in the Lay Vessel North Ocean 105. The vessel was delivered 20th April 2012 and has commenced a five year charter at delivery. This investment has risk connected to charterer, complex offshore operations and risk connected to owners guarantees in case of the project needs more funding. The Company's equity contribution is USD 5.0 million, but the fair market value from two independent brokers indicate a significant premium value for the vessel.

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The free liquidity is placed in bank accounts with banks of acceptable credit quality. Oceanteam Shipping's clients are primarily large companies with high credit rating. The need for bank guarantee and pre-invoicing are considered on individual basis.

### **Operational risk**

Operational risks include charters, service life and technical risk of vessels, the Group's limited operating history, risk for substantial responsibilities, the Group's ability to retain senior management and key personnel, risk for legal proceedings and contractual disputes, construction risk and employment risk for the vessels and equipment. Oceanteam Shipping ASA is involved in an on-going law suit against naval architect Sawicon for the infringement of Oceanteam's rights to the North Ocean Series under the Norwegian Marketing Act. Legal costs are recorded as they occur.

### **Contract backlog:**

- CSV 101: BP Angola until February 2017.
- CSV Southern Ocean: Fugro TSMarine Australia until 31 December 2018 (+2 x 1 year option).
- LV 105: McDermott International Inc. firm until 30 June 2017 (+1 year option + 1 further additional year provided the Charteres give advance written notice according to details in charter agreement.
- FSV Mantaraya and FSV Tiburon: Contracts extended until end December 2015.
- Engineering & equipment: the level of secured work / tenders out are satisfactory for the season.
- RentOcean: increased backlog during 2014.

## **NOTE 6 – TAX IN Q4 2014**

Taxes in the income statement are estimated on the basis of the average tax rates for each of the companies that constitute the Group. In companies that apply for the Norwegian Tonnage Tax system the tax rate is set at zero.

Oceanteam Shipping has one Construction Support Vessel which is under the normal tax regime in Norway where the nominal tax percentage is 27 %. However, the Group has major tax losses to be carried forward due to losses on contracting business. Confirmation from the tax authorities of a deferred tax loss of NOK 1.1 billion has been received in October 2014. The Group is analyzing how to utilize the nominal deferred losses of NOK 1.1 billion or USD 150 million which is not on the balance sheet. The deferred losses for abroad operations are EUR 52 million.

The Company has a deferred tax asset in the balance sheet of total USD 6.0 million.

The companies outside Norway have EUR 52 million in deferred tax losses from mainly 2008 & 2009. Part of the Oceanteam strategy is of course to get utilise the deferred tax before 2018, through new activities like Oceanteam Solutions, a total solutions for clients concerning engineering, storage and services for cable laying. As it looks now we are on the right track.

## NOTE 7 – CONTINGENT ASSETS

The Company is disputing a claim from a former creditor of a liquidated former UK entity for hire of a tugboat. The case was rejected by the Bergen Court in January 2012 and is now back in Bergen Main Court for a Court hearing in end February 2015. The total claim is EUR 695.581, and late interest calculation will come as an addition.

If the claim for payment against Oceanteam Shipping ASA is dismissed, the opposing party will pay all legal fees related to this case. Judgment to be given in favour of Oceanteam Shipping ASA is estimated to be significantly high by our legal advisors.

## NOTE 8 – CONTINGENT LIABILITIES

In Oceanteam Shipping ASA's legal dispute with Sawicon AS and North Sea Shipping AS concerning rights and use of the North Ocean 100-series design under the Norwegian Marketing Act, Gulating Court of Appeal, by verdict of 7 March 2014, has upheld Oceanteam's appeal. Gulating Court of Appeal has invalidated Bergen City Court's previous verdict in favor of Sawicon AS and North Sea Shipping AS. With this ruling Gulating Court of Appeal releases Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in conjunction with the Bergen City Court case. As a consequence of the ruling there no longer exists an applicable court decision regarding the rights to the North Ocean 100 series design and the case will have to be restarted in Bergen District Court.

Sawicon has brought an appeal against this decision in High Court which will be handled by in April 2015. The outcome is expected to be positive.

Oceanteam Shipping ASA has invited Sawicon to settle on amicable terms.

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

## NOTE 9 – INVESTMENT IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARIES

### JOINT VENTURES

North Ocean II KS is an unlisted joint arrangement which the Group had joint control and a 50 % ownership. The company was founded in May 2006. The Group classified its interest in North Ocean II KS as a joint venture. J. Ray McDermott executed the option for the vessel and a sale transaction of the shares in NO II KS was completed 18 December 2014.

DOT Shipping, a joint venture with Grupo Diavaz, consisting of DOT Holdings AS, DOT Shipping AS, DOT Shipping BV, DOT Shipping S.A. de C.V. and DOT Radiance PTE LTD. These entities will be presented together under DOT Shipping Group.

Oceanteam Bourbon equipment & Spares AS is an unlisted joint arrangement in which the Group has joint control and a 50 % ownership interest. This company is founded in October 2012 by Oceanteam Shipping ASA and Bourbon Offshore Norway AS. The Group has classified its interest in Oceanteam Bourbon Spares & Equipment AS as a joint venture.

The following is summarised financial information for DOT Shipping Group, Oceanteam Bourbon Spares & Equipment AS and North Ocean II KS based on its financial statements prepared in accordance with Norwegian GAAP. All three companies are equity accounted in the Group.

	North Ocean II KS*	DOT Shipping Group	Oceanteam Bourbon Spares & Equipment AS	
			FSV Icacos	
Nature of relationship with the Group	Vessel CSV North Ocean 102		FSV Cobos	Equipment business
Principal place of business	Bergen, Norway		Mexico	Bergen, Norway
Ownership interest	50 %		40 %	50 %
Voting rights held	50 %		50 %	50 %

The following is summarised financial information for Oceanteam Bourbon Spares & Equipment AS and North Ocean II KS, based on their respective financial statements prepared with USD as the functional currency, modified for fair value adjustments and differences in the Group's accounting policies.

\* Shares in North Ocean II KS have been sold to J.Ray McDermott on 18 December 2014.

#### GROUP Figures in USD '000

	North Ocean II KS		DOT Shipping Group		Oceanteam Bourbon Spares & Equipment AS	
	2014	2013	2014	2014	2014	2013
Revenue	16 481	17 213				1 957
Profit before tax	9 574	10 935			(136)	398
Tax						(12)
<b>Net result</b>	<b>9 574</b>	<b>10 935</b>			<b>(136)</b>	<b>386</b>
Current assets			11	11	24	2 433
Non current assets			16	16	177	200
Current liabilities			(1)	(1)		(277)
Non-current liabilities			(17)	(17)	(49)	(2 067)
<b>Net assets</b>			<b>8</b>	<b>8</b>	<b>153</b>	<b>288</b>

#### GROUP Figures in USD '000

	DOT Shipping Group	Oceanteam Bourbon Spares & Equipment AS	
	2014	2014	2013
Group's interest in net assets of investee at beginning of year		144	195
	3 006		
Total comprehensive income attributable to the Group		(68)	(51)
Total other comprehensive income attributable to the Group			
Dividends received during the year			
<b>Carrying amount of interest in investee at 31 December 2014</b>	<b>3 006</b>	<b>76</b>	<b>144</b>



## ASSOCIATES

Oceanteam Bourbon 101 AS is an unlisted company which the Group has 50 % ownership interest but our partner has 51 % control. This company was founded in June 2009 by Oceanteam Shipping ASA and Bourbon Offshore Norway AS.

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

The Group has classified its interest in Oceanteam Bourbon 101 AS and North Ocean 105 AS associates, both of which are equity accounted.

	Oceanteam Bourbon 101 AS	North Ocean 105 AS
Nature of relationship with the Group	Vessel CSV Bourbon Oceanteam 101	Vessel LV 105
Principal place of business	Bergen, Norway	Bergen, Norway
Ownership interest	50 %	25 %
Voting rights held	49 %	25 %

The following is summarised financial information for Oceanteam Bourbon 101 AS and North Ocean 105 AS and DOT Shipping Group, based on the USD as their functional currency, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

### In USD '000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2014	2013	2014	2013
Revenue	23 702	21 499	23 777	23 776
Profit before tax	10 098	6 633	8 213	8 151
Tax		(2)		
<b>Net result</b>	<b>10 098</b>	<b>6 631</b>	<b>8 213</b>	<b>8 151</b>
Current assets	8 741	14 956	8 792	9 745
Non current assets	57 791	65 410	107 783	112 817
Current liabilities	(15 527)	(33 054)	(12 192)	(15 513)
Non-current liabilities	(44 043)	(50 447)	(63 177)	(74 057)
<b>Net assets</b>	<b>6 962</b>	<b>(3 134)</b>	<b>41 206</b>	<b>32 993</b>

**GROUP Figures in USD '000**

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2014	2013	2014	2013
Group's interest in net assets of investee at beginning of year	27 433	31 478	17 852	14 071
Total comprehensive income attributable to the Group	5 047	2 594	(926)	2 560
Total other comprehensive income attributable to the Group	(5 651)	(1 133)	(3 884)	1 221
Dividends received during the year		(5 507)		
<b>Carrying amount of interest in investee at 31 December 2014</b>	<b>26 829</b>	<b>27 433</b>	<b>13 043</b>	<b>17 852</b>

**SUBSIDIARIES**

The Company has 18 subsidiaries in the Group in 2014 and 2013.

- The following subsidiaries are material to the Group:  
Oceanteam Shipping BV, Oceanteam Bourbon 4 AS, KCI the engineers BV and Oceanteam Mexico SA de CV
- Oceanteam Bourbon 4 AS has a material non-controlling interests.

	Oceanteam Bourbon 4 AS
Operating segment	CSV Southern Ocean
Principal place of business	Bergen, Norway
Ownership interest held by non-controlling interests	50 %
Voting rights held by non-controlling interests	49 %

The following is summarised financial information for Oceanteam Bourbon 4 AS based on the Company's financial statements prepared according to Norwegian GAAP. The information is before inter-company eliminations with other companies in the Group.

**Figures in USD '000**

	Oceanteam Bourbon 4 AS	
	2014	2013
Revenue	20 582	20 070
Profit	13 404	11 682
Other comprehensive income		
Total comprehensive income	13 404	11 682
Profit attributable to non-controlling interest	6 702	5 841
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>6 702</b>	<b>5 841</b>
Current assets	11 245	9 439
Non current assets	85 165	89 866
Current liabilities	(13 281)	(15 742)
Non-current liabilities	(54 798)	(63 858)
Net assets	28 331	19 705
<b>Net assets attributable to non-controlling interests</b>	<b>14 165</b>	<b>9 852</b>

**Figures in USD '000**

	Oceanteam Bourbon 4 AS	
	2014	2013
Cash flows from operating activities	12 363	18 658
Cash flows from dividend payment	(5 546)	
Cash flows from financing activities	(9 558)	(23 944)
Net increase in cash and cash equivalents	(2 740)	(5 287)
<b>Dividends paid to non-controlling interests during the year/period</b>	<b>(2 773)</b>	

## NOTE 10 – BUSINESS COMBINATIONS

### OCEANTEAM BOURBON 4 AS

Oceanteam Shipping ASA has gained control over the company Oceanteam Bourbon 4 AS. The control over Oceanteam Bourbon 4 AS is defined in an agreement with Bourbon Offshore Norway AS and is effective from 1 January 2014.

Equity interests still remains 50 percent but voting shares in Oceanteam Bourbon 4 AS is 51 percent after control is gained. Oceanteam Bourbon 4 AS operates the vessel CSV Southern Ocean which is currently on bareboat charter with Fugro TSMarine Australia until December 2018.

Non-controlling interests hold USD 53.2 million of equity in the Group accounts.

Revenue from company cumulative Q4 2014 is USD 20.6 million and profit is USD 13.4 million.

### KCI THE ENGINEERS B.V.

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

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

100 percent goodwill has been taken into account when Oceanteam increased its ownership from 50 percent to 70 percent in April 2010 through a conversion of debts. Goodwill is therefore not affected for this acquisition. Consideration is not reported in this interim report due to commercial reasons.



RentOcean's 3000T Turntable loading cable in Eemshaven for offshore wind farm project

## NOTE 11 – INITIAL APPLICATION OF NEW IFRS STANDARDS

**Oceanteam have applied the following standards from Q1 2014.**

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

AND IAS 28 Investment in Associates and Joint Ventures

The following shows comparison between the reported figures for this interim report and figures from previous figures before applying the new standards.

	Cum Q4 2014	Cum Q4 2014	Cum Q4 2014
	Equity accounting for joint venture companies and 100 % consolidation of Oceanteam Bourbon 4 AS	Effect of implementation	Oceanteam Bourbon 101 AS - Equity consolidated, North Ocean II KS and OB Spares & Equipment-proportional consolidated and Oceanteam Bourbon 4 AS - 100 % consolidated
Revenue	56 267	(5 082)	61 349
	966		996
Net income from associates	10 807	4 527	6 280
<b>Total operating revenues</b>	<b>68 040</b>	<b>(555)</b>	<b>68 625</b>
Operating costs	(16 450)	(1 955)	(14 495)
Other administrative expense	(21 315)	(1 286)	(20 029)
Depreciation	(10 208)	2 926	(13 134)
Write off assets	(327)		(327)
<b>Total operating expenses</b>	<b>(48 299)</b>	<b>(314)</b>	<b>(47 985)</b>
<b>Results from operating activities</b>	<b>19 741</b>	<b>(899)</b>	<b>20 640</b>
Financial income	40	5	35
Financial costs	(15 715)	840	(16 555)
Foreign exchange results (loss)	(402)	53	(455)
<b>Net finance profit / (loss)</b>	<b>(16 077)</b>	<b>898</b>	<b>(16 975)</b>
<b>Ordinary profit (loss) before taxes</b>	<b>3 665</b>		<b>3 665</b>
Tax expense	(591)		(591)
<b>Net result</b>	<b>3 073</b>		<b>3 073</b>

	Cum Q4 2013 Equity accounting for joint venture companies	Effect of implementation	Cum Q4 2013 Proportionate consolidation of all joint venture companies
Revenue	29 245	(30 845)	60 090
Net income from associates	15 283	13 548	1 735
<b>Total operating revenues</b>	<b>44 528</b>	<b>(17 297)</b>	<b>61 825</b>
Operating costs	(14 902)	4 366	(19 268)
Other administrative expense	(18 271)	127	(18 398)
Depreciation	(4 236)	9 296	(13 532)
Write off assets	99	426	(327)
<b>Total operating expenses</b>	<b>(37 310)</b>	<b>14 215</b>	<b>(51 525)</b>
<b>Results from operating activities</b>	<b>7 218</b>	<b>(3 082)</b>	<b>10 300</b>
Financial income	56	(35)	91
Financial costs	(12 607)	3 714	(16 321)
Foreign exchange results (loss)	62	(490)	552
<b>Net finance profit /(loss)</b>	<b>(12 489)</b>	<b>3 190</b>	<b>(15 678)</b>
<b>Ordinary profit (loss) before taxes</b>	<b>(5 272)</b>	<b>106</b>	<b>(5 378)</b>
Tax expense	1 161	(106)	1 268
<b>Net result</b>	<b>(4 111)</b>		<b>(4 111)</b>



KCI's feasibility study for substructure of a substation

	Balance per Q4 2014		Balance per Q4 2014
	Equity accounting for joint venture companies and 100 % consolidation of Oceanteam Bourbon 4 AS	Effect of implementation	Oceanteam Bourbon 101 AS - Equity consolidated, North Ocean II KS and OB Spares & Equipment- proportional consolidated and Oceanteam Bourbon 4 AS - 100 % consolidated
<b>Assets</b>			
Deferred tax assets	6 000		6 000
Customer relations & Design	1 757		1 757
Goodwill	12 987		12 987
<b>Intangible assets</b>	<b>20 744</b>		<b>20 744</b>
Investments in joint ventures and associates	42 953	76	42 877
Vessels and equipment	183 764	11	183 753
<b>Tangible assets</b>	<b>226 717</b>	<b>87</b>	<b>226 630</b>
<b>Total non current assets</b>	<b>247 461</b>	<b>87</b>	<b>247 373</b>
Trade receivables	8 871		8 871
Other receivables	9 452	(100)	9 552
<b>Receivables</b>	<b>18 323</b>	<b>(100)</b>	<b>18 423</b>
<b>Cash and cash equivalents</b>	<b>44 547</b>	<b>(12)</b>	<b>44 559</b>
<b>Total current assets</b>	<b>62 870</b>	<b>(112)</b>	<b>62 982</b>
<b>Total assets</b>	<b>310 330</b>	<b>(25)</b>	<b>310 355</b>

	Balance per Q4 2014	Effect of implementation	Balance per Q4 2014
<b>Equity and liabilities</b>			
Share capital	2 595		2 595
Treasury shares	(257)		(257)
Other equity	(4 326)		(4 326)
Revaluation reserve	84 499		84 499
<b>Equity attributable to owners of the Company</b>	<b>82 511</b>		<b>82 511</b>
Non-controlling interest	57 975		57 975
Revaluation reserve	(4 704)		(4 704)
<b>Total equity</b>	<b>135 782</b>		<b>135 783</b>
Loans and borrowings	110 870		110 870
<b>Total non-current liabilities</b>	<b>110 870</b>		<b>110 870</b>
First year installments	43 100		43 100
Trade payables	5 900		5 900
Tax payable	110		110
Other current liabilities	14 569	(25)	14 594
<b>Total current liabilities</b>	<b>63 679</b>	<b>(25)</b>	<b>63 704</b>
<b>Total liabilities</b>	<b>174 549</b>	<b>(25)</b>	<b>174 574</b>
<b>Total equity and liabilities</b>	<b>310 330</b>	<b>(25)</b>	<b>310 355</b>

	01.01.2013		01.01.2013
	Equity accounting for joint venture companies	Effect of implementation	Proportionate consolidation of all joint venture companies
<b>Assets</b>			
Deferred tax assets	3 831		3 831
Customer relations & design	1 688		1 688
Goodwill	12 987		12 987
<b>Intangible assets</b>	<b>18 506</b>		<b>18 506</b>
Investments in joint ventures and associates	126 371	112 300	14 071
Vessels and equipment	15 333	(203 677)	219 010
<b>Tangible assets</b>	<b>141 704</b>	<b>(91 377)</b>	<b>233 081</b>
<b>Total non current assets</b>	<b>160 210</b>	<b>(91 377)</b>	<b>251 587</b>
Trade receivables	3 945	(3 713)	7 658
Other receivables	28 878	21 557	7 321
<b>Receivables</b>	<b>32 823</b>	<b>17 844</b>	<b>14 979</b>
<b>Cash and cash equivalents</b>	<b>15 759</b>	<b>(19 087)</b>	<b>34 846</b>
<b>Total current assets</b>	<b>48 582</b>	<b>(1 243)</b>	<b>49 825</b>
<b>Total assets</b>	<b>208 790</b>	<b>(92 621)</b>	<b>301 412</b>
<b>Equity and liabilities</b>			
Share capital	2 595		2 595
Treasury shares	(87)		(87)
Other equity	9 348		9 348
Revaluation reserve	96 185		96 185
<b>Equity attributable to owners of the Company</b>	<b>108 041</b>		<b>108 041</b>
Non-controlling interest	4 027		4 027
Revaluation reserve			
<b>Total equity</b>	<b>112 068</b>		<b>112 068</b>
Loans and borrowings	85 305	(86 589)	171 894
<b>Total non-current liabilities</b>	<b>85 305</b>	<b>(86 589)</b>	<b>171 894</b>
First year installments	1 089	(10 338)	11 427
Trade payables	4 788	(538)	5 326
Tax payable	52	(1)	53
Other current liabilities	5 489	4 845	644
<b>Total current liabilities</b>	<b>11 418</b>	<b>(6 032)</b>	<b>17 450</b>
<b>Total liabilities</b>	<b>96 723</b>	<b>(92 621)</b>	<b>189 344</b>
<b>Total equity and liabilities</b>	<b>208 790</b>	<b>(92 621)</b>	<b>301 412</b>



## NOTE 12 – REVALUATION RESERVE

### **DECREASE IN CARRYING AMOUNT OF THE VESSEL CSV SOUTHERN OCEAN AS A RESULT OF REVALUATION.**

On 1 January 2014, Oceanteam Shipping ASA (OTS) gained control over the joint venture company Oceanteam Bourbon 4 AS (OB 4) which then became a subsidiary. On the date which OTS gained control over OB 4, OTS had recognized an accumulated positive revaluation reserves related to the vessel CSV Southern Ocean owned by OB 4. The revaluation surplus related to the vessel was, at the acquisition date, retained in the revaluation reserve in equity and not transferred to retained earnings.

During 2014 the carrying amount of the vessel was decreased as a result of the revaluation. OTS has elected an accounting policy to not transfer revaluation surplus to retained earnings at disposal, but keep them in revaluation reserves, and has accordingly recognized the decrease in the revaluation through other comprehensive income as there are historical accumulated positive revaluations related to that vessel.

OTS has identified that certain references in the IFRS literature may be interpreted to require that the decrease in value of the vessel, as a result of the revaluation in 2014, shall be recognized in profit and loss. While OTS, at the date of these unaudited interim financial statements, is still researching this uncertainty and its application of the IFRS, it has based its financial reporting on a position, which OTS believes is consistent with the economic realities. If, when the uncertainty is finally resolved, OTS changes its financial reporting position, OTS believes that the most likely result would be to increase the write off in total operating profit with MUS\$ 9.4, with a corresponding increase of other comprehensive income. This will not have an impact on EBITDA and equity.

## OCEANTEAM SHIPPING ASSETS

### VESSELS

#### CSV BOURBON OCEANTEAM 101



Upon delivery in December 2007, this DP2 Construction Support Vessel has been operating as a field support vessel in Angola for the Company's Greater Plutonium Field development (in Block 18 and 31). The first of the standard design North Ocean 100 series is jointly owned by Oceanteam Shipping and Bourbon Offshore Norway. The ship is 125 meters at length with a 27 meter beam. It has excellent seafaring capabilities, one 150 tonnes and one 100 tonnes fully heave compensated cranes, moon pool, 2000m<sup>2</sup> free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

#### CSV SOUTHERN OCEAN



The vessel was delivered in Q4 2010 and immediately commenced its first project in Australia. This DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large cranes (1 x 250 tonnes and 1 x 110 tonnes, heave compensated), 2500m<sup>2</sup> deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

#### LAY VESSEL NORTH OCEAN 105



High-capacity, rigid reeled vertical pipelay vessel, with 33000T payload reel capacity for subsea construction and installation, and deepwater moorings installation; which has been delivered the 20<sup>th</sup> April 2012. The vessel began a 5 year charter contract at delivery.

### **FSV ICACOS/ FSV COBOS**



These innovative Fast Support Vessels (FSV's) have been delivered and will start operation in Mexico in March 2015. The vessels are capable of transporting 96 POB and cargo at a cruising speed of 25 knots with largely improved fuel efficiency.

### **FSV MANTARAYA / FSV TIBURON**



These innovative Fast Support Vessels (FSV's) are operational. The vessels are capable of transporting 75 p.o.b. and cargo at a cruising speed of 25 knots with largely improved fuel efficiency.

### **UP TO 4000T DEMOUNTABLE TURNTABLES**



The new patented turntable series is designed for flexibility and quick mobilisation on standard psv/ csv with limited deck load. The modular systems are delivered to the mobilisation site in 40ft containers. All system components are "plug and play" and interchangeable.



**OCEANTEAM SHIPPING ASA**  
**Corporate Headquarters**

Tveitaråsveien 12  
5232 Paradis Bergen  
NORWAY

T +47 55 10 82 40  
F +47 55 10 82 49  
E [info@oceanteam.no](mailto:info@oceanteam.no)

**[WWW.OCEANTEAM.NO](http://WWW.OCEANTEAM.NO)**

