



INTERIM REPORT 2ND QUARTER 2014 OCEANTEAM SHIPPING ASA



OCEANTEAM SHIPPING



OCEANTEAM SHIPPING ASA – Q2 2014 INTERIM REPORT

Issue date 28th August 2014

RIGHT ON THE DOT

Oceanteam Shipping ASA saw, with its early focus on Mexico, a long term strategy confirmed. Its newly founded DOT Shipping partnership with Grupo Diavaz and the subsequent approval of the Mexican Energy Reform legislation will create significant opportunities for the company.

These important events triggered plans prepared by the company and have so far resulted in the order, finance and time chartering of two new build FSV's.

DOT Shipping will focus on providing high-end vessel solutions and marine asset services in Mexico.

RentOcean, the company's marine asset services division continues to experience strong growth and level of services it provides.

To unlock existing strategic values and to prepare for future growth Oceanteam has engaged a financial advisor to optimize the capital structure.

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

In addition, Oceanteam Shipping provides complementary engineering services consisting of both engineering & design – and marine asset services.

For more information about the Company:

www.oceanteam.no

www.rentocean.com

www.kci.nl

HIGHLIGHTS FOR THE QUARTER

- Revenue from operations USD 17.7 million
- EBITDA from operations is positive USD 7.0 million
- Operating profit of USD 4.4 million
- Net finance negative USD 4.1 million
- Net profit for the quarter is positive USD 0.4 million
- CSV Southern Ocean is 100 per cent consolidated effective from 2014
- DOT Shipping orders 2 FSV's. Both vessels have a 6 year contract and are fully financed. Expected delivery is early 2015.
- RentOcean awarded a contract by LS Cable South Korea for a second 4000T modular turntable system for 1 year plus options. The investment programme goes as planned with delivery end Q3 2014. Subsequent in Q3 RentOcean sold some of its existing burial equipment.
- CSV Southern Ocean has had a period of technical breakdown starting end of May and returned to full operational mode early July 2014. During this period the vessel was on reduced charter rate.



KEY FIGURES FOR THE GROUP

GROUP Figures in USD '000

	Q2 2014	Q2 2013**	2013*	2012*	2011*	2010*
Revenue	14 493	7 495	60 090	64 269	61 208	46 988
Net income of joint ventures & associates	3 249	3 954	2 561	2 268		
Operating costs	(4 897)	(3 868)	(19 268)	(23 384)	(24 651)	(21 797)
General & administration	(5 884)	(4 528)	(18 398)	(14 423)	(11 795)	(8 139)
EBITDA	6 961	3 053	24 983	28 730	24 762	17 052
EBITDA percentage of revenue	39 %	27 %	40 %	43 %	40 %	36 %

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

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

The shipping segment consists of interests in three multipurpose Construction Support Vessels, one Pipe Lay Vessel, and four FSV's of which two are under construction. All vessels have been fully employed except for the CSV Southern Ocean which has been on a reduced stand by rate during most of the quarter. The vessel is expected to be fully utilised for the coming quarters and has a strong back log until the end of 2018 plus options.

KCI designs and engineers complete platforms and infrastructure for the oil & gas and renewables industry, deck layouts, cable & pipelay solutions and HSE procedures.

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

USD million	Q2 2014	Q2 2013**	%	2013
Revenue	17,7	11,4	55 %	62,7
Operating costs	(4,9)	(3,9)	27 %	(19,3)
EBITDA	7,0	3,1	128 %	25,0

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

2014 OPERATIONS

- CSV Bourbon Oceanteam 101 is on a time charter with Oceaneering / BP Angola and the vessel has had full utilisation.
- CSV North Ocean 102 has been on bareboat charter with J. Ray McDermott S.A. and has had full utilisation.
- CSV Southern Ocean has had a technical breakdown during the quarter and has been on a reduced rate. Early July the vessel returned to normal operations and day rate.
- Lay Vessel North Ocean 105 has been on a time charter with J. Ray McDermott S.A. and has had full utilisation.
- Oceanteam's Fast Support Vessels have been working in Venezuela and have had full utilisation. The contracts have been extended until the end of 2014.
- RentOcean, marine asset services, has been starting up multiple contracts during the quarter and has increased its backlog for 2014 with contract awards from CEONA, E.ON, LS Cable and its OceanWind joint venture.
 - Awarded & delivered for long-term contract second 4000T turntable to LS Cable.
 - Awarded & delivered for long-term contract 2000T modular turntable, loading tower and new 15T tensioner to Ceona.
 - Awarded & delivered for contract 1500T turntable with end client McDermott project.
 - OceanWind awarded long-term storage and handling contract with Prysmian & E.ON.

KCI, design engineering services, has been working on various contracts for multiple clients in both the oil & gas and offshore renewables sectors. Utilisation has not been wholly satisfactory during the quarter and significant resources have been allocated to 'The Next Step' programme, initiated in October 2013. The project aims to significantly strengthen the companies engineering capabilities, project management and management. KCI has had an average of 140 engineers working on the following multi discipline projects:

- Assistance in field development plan for oil & gas operator on the Dutch on-shore sector.
- Basic of foundation jackets for a sub-station on the English sector of the North Sea.
- Skid design and location re-design (onshore O&G).
- Feasibility study of development for Taqa.
- Detail design of risers and J-tube for Wintershall.
- Several smaller brownfield projects for Chevron.
- Detail design of a deck-layout for a cable laying vessel.
- Detail design of foundation jacket for a sub-station in the German part of the Baltic Sea.
- Redesign of 2 walk to work systems; Slideway and L type.
- Foundation of 4000T turntable for Rentocean.

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

MARKET AND FUTURE OUTLOOK

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

As a consequence of the divergence between oil and gas demand and production predicted for the future, oil and gas prices are forecasted to increase further in the long run. Exploration and production activities are likely to increase, and consequently the demand for large construction support vessels. In certain regions, in particular Latin America, Australia and West Africa, exploration and production activities are experiencing stronger growth. Geopolitical tension will make certain regions develop faster or slower and therefore the Company has chosen to focus on stable regions or to team up with strong local partners.

In Western Europe many offshore wind parks have been delayed due to funding or supply chain problems and cost overruns. During 2014 and for the years to come, the Company expects demand to increase for renewable energy related services but exact start dates remain uncertain. Overall the market is expected to grow. This will lead to an increased demand for support vessels and associated services. The focus of the industry is on cutting installation and maintenance costs and using flexible solutions, which Oceanteam believes it can provide.

Larger wind farms allow improved fixed cost allocation but also increases project complexity and increases demand for engineering services. The oil and gas price influences oil companies' priorities and choices between new developments, upgrades of existing facilities and commitments to recovery from producing fields. Fluctuations in oil prices also affect the renewable energy market and thereby affect activity in both of Oceanteam's main markets.

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

In addition the Company allocated significant resources in 2013 to prepare for growth. An important step in 2014 has been the establishment of a joint venture with Grupo Diavaz in Mexico named DOT Shipping. Through this joint venture Oceanteam operations will grow the coming years.

The shipping segment is based on long term contracts and the Company has a long track record of securing such contracts.

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

RentOcean has started its first two major oil and gas contracts supplying services to companies in Korea and Brazil, in addition to the historically strong offshore renewables market for the business.

The current backlog of our equipment is USD 38 million and several major projects have been starting up in Q2 2014. The Company's strategy is to focus on the provision of "state of the art" construction support, flex lay vessels plus engineering and equipment services for the oil and gas and offshore renewables market.

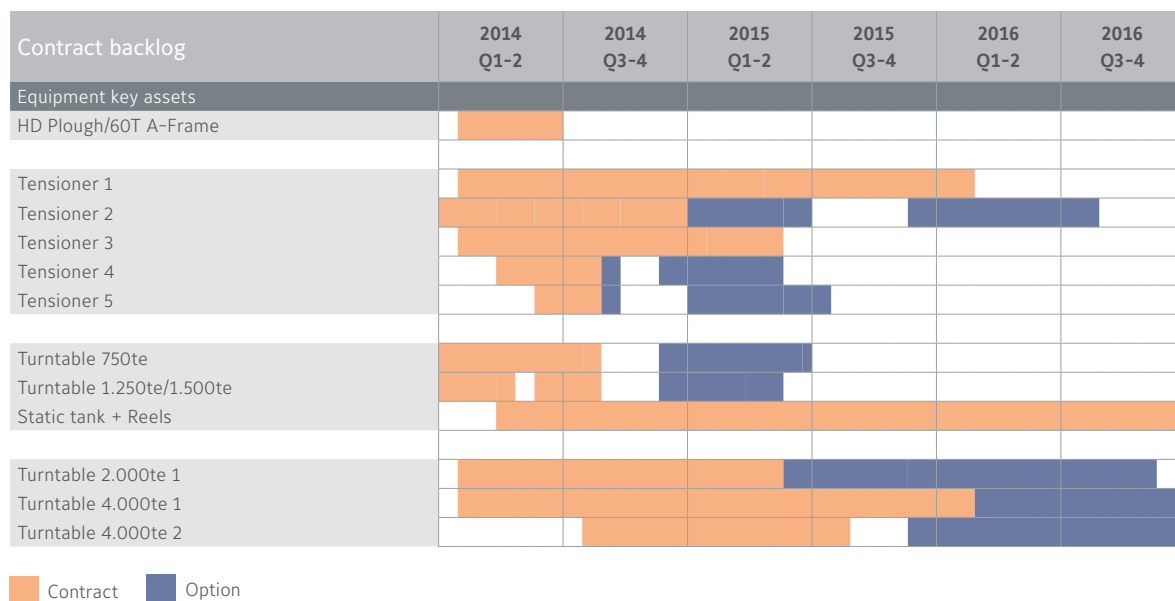
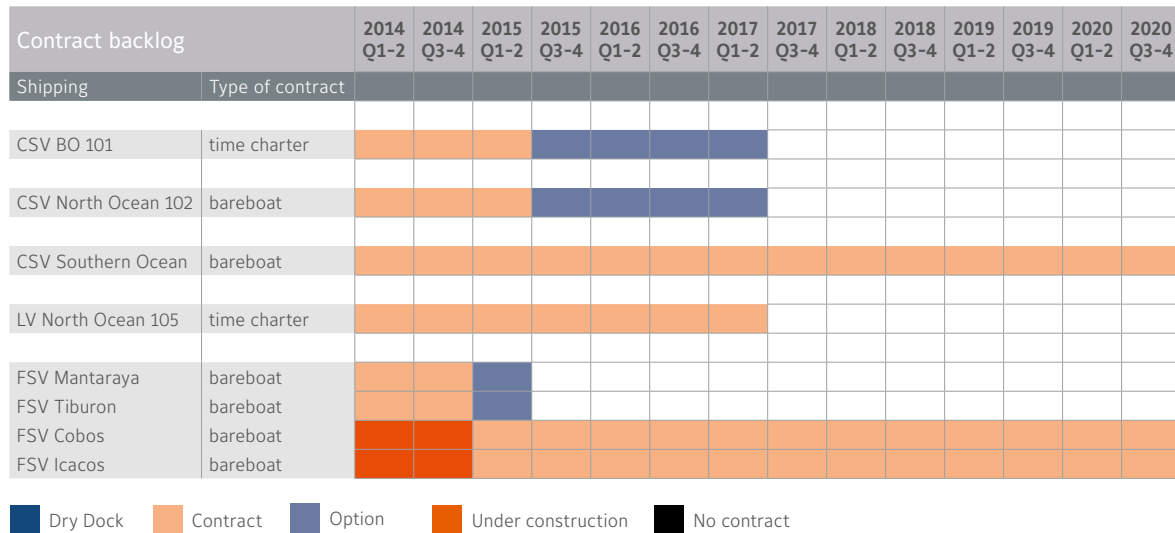
We believe this strategy will provide the Company with excellent opportunities in the near future. The Company is experiencing strong interests for its vessels, equipment and services from globally leading companies.

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 risk and risk in connection

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

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



The Company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 was financed in USD for the construction costs and hedged in EUR. Long-term post construction financing has been secured in USD where the interest rate is fixed. In the loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 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 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 157.8 million in non-current liabilities including its first year's instalments.

LIQUIDITY RISK

At quarter end the working capital and liquidity position of the Company is satisfactory. The Group is working to support its growth in the RentOcean, DOT Shipping & KCI businesses by securing external equipment financing and selling under utilized assets. The first half year was effected 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 estimated amount of NOK 145 million will be paid up to Oceanteam Shipping ASA in 2014.

As of 30th June 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 for the infringement of the Company's right to the North Ocean 100 series. Gulating Court of Appeal has invalidated Bergen City Court's previous verdict in favour of Sawicon AS. Gulating Court of Appeal released Oceanteam from the obligation to pay the legal costs incurred by Sawicon AS and North Sea Shipping AS in connection with the Bergen City Court case. As a consequence of the ruling there no longer exists an applicable court decision regarding the rights to the North Ocean 100-series design and

the case will have to be re-opened in Bergen District Court. Oceanteam Shipping ASA is pleased that Gulating Court of Appeal has recognized Oceanteam's objections to the application of the procedural rules by Bergen City Court. Sawicon has brought an appeal against this decision in High Court which will be handled end 2014. The court case against Sawicon and North Sea Shipping will continue in 2014 and all costs are recorded as they occur.

The repayment of the bond loan, due in April 2015, is linked to the likeliness that McDermott is executing their purchase option for the vessel North Ocean 102. In case McDermott is not executing the purchase option in q4, Oceanteam Shipping has the right to execute the purchase option. The Group is reviewing refinancing alternatives in case this scenario would be effective.

Trade receivables for shipping segment is USD 4.6 million per quarter end where USD 4.3 million has been received in Q3. For the engineering segment, of USD 5.6 million of outstanding trade receivables per quarter end, USD 2.7 million has been received in Q3.

INVESTMENTS

- RentOcean is in the process of expanding its equipment pool with new turntables, loading towers, reels and associated services. Three major projects have been initiated requiring investments and increased working capital.
- KCI, design engineering services, has been working on various contracts for multiple clients in both the oil and gas and offshore renewables market. In addition significant resources have been allocated to The Next Step restructuring & investment programme which was initiated in October 2013. Oceanteam has underwritten the programme with a convertible loan facility.

TAX LOSSES

Oceanteam Shipping has a deferred tax asset on the balance sheet of total USD 6.0 million. In addition to this the Group has received confirmation from the tax authorities of a deferred tax loss of NOK 1.1 billion in October 2013 for the Norwegian entities. The deferred tax losses for operations outside Norway are EUR 47 million.

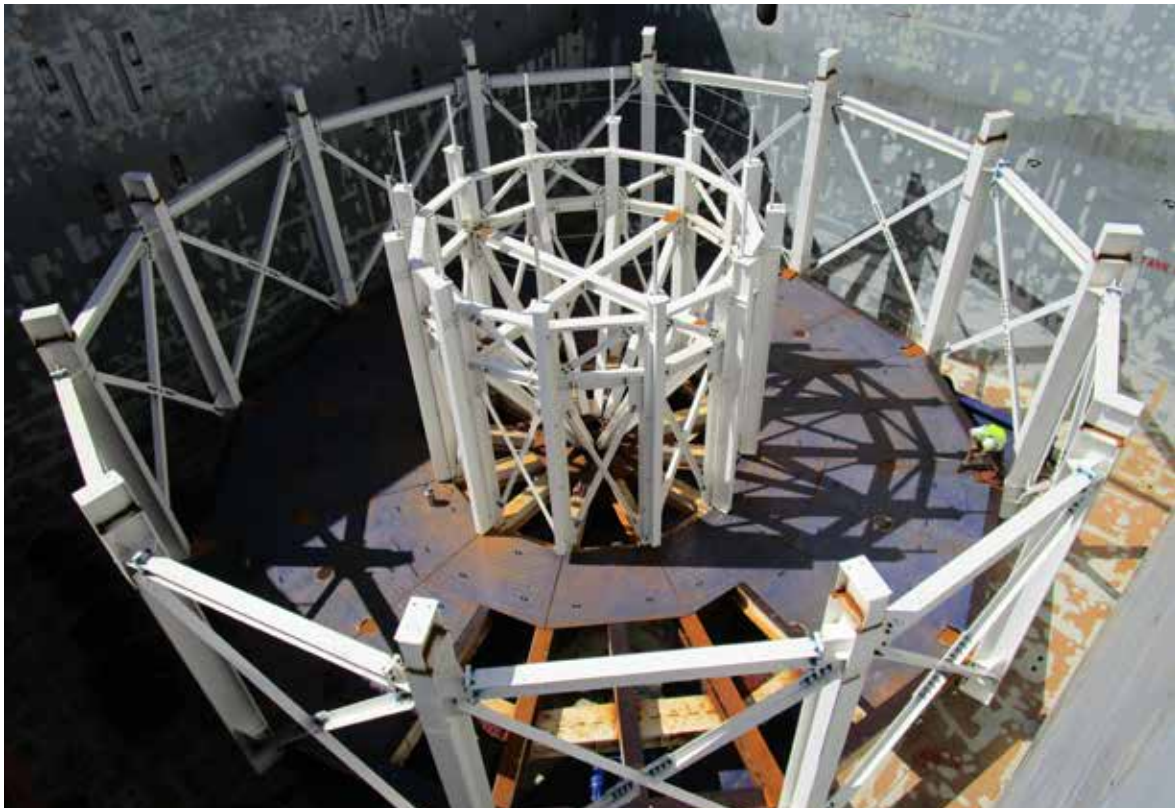
EVENTS AFTER THE BALANCE SHEET DATE

- Mexican Energy Reform Legislation approved
- DOT Shipping Mexico takes first step through order, finance and securing 6 year time charters for two new build FSV's
- RentOcean awarded follow up work from existing client, initiates build of two new turntables and sells burial equipment
- KCI increases back log
- FSV's operating in Venezuela extended until end 2014

To support the Company and its key growth areas Oceanteam has engaged RS Platou to assist the process of unlocking strategic values and to optimize the Company's capital structure going forward to accommodate the growth anticipated.

GOING CONCERN

In accordance with the Accounting Act § 3-3a Oceanteam Shipping confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2014 - 2016 and the group's long term strategic forecasts. The annual report for 2013 is available on www.oceanteam.no



RentOcean's 1500T Turntable being mobilised for transport of cables



CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2014 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and overall results, and that the interim management report provides a true overview of important events during the accounting period and their effect on the financial statements for the half year accounts and of key risks and uncertainty factors that the company is facing during the next accounting period and of transactions with related parties.

Bergen August 28, 2014
The Board of Directors
Oceanteam Shipping ASA

Hessel Halbesma
Chairman

James Hill
Director

Catharina Pos
Director

Haico Halbesma
CEO

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP Figures in USD '000

	Notes	Unaudited Q2 2014	Unaudited Q2 2013*	Unaudited Cum Q2 2014	Unaudited Cum Q2 2013*
Revenue		14 493	7 495	27 100	15 615
Total operating revenues	4,11	14 493	7 495	27 100	15 615
Net income of associates/Joint Ventures		3 249	3 954	5 730	8 086
Operating costs		(4 897)	(3 868)	(8 478)	(8 157)
General & administration		(5 884)	(4 528)	(10 721)	(8 255)
Depreciation	2	(2 525)	(1 191)	(4 936)	(2 304)
Write off		3	(2)	(94)	(43)
Total operating expenses		(13 302)	(9 589)	(24 229)	(18 759)
Operating profit (loss)		4 439	1 860	8 601	4 942
Financial income		4	12	26	24
Financial costs	5	(3 904)	(3 131)	(7 775)	(6 249)
Foreign exchange results (loss)		(192)	327	(77)	267
Net finance		(4 091)	(2 792)	(7 825)	(5 958)
Ordinary profit (loss) before taxes		348	(932)	775	(1 016)
Income tax	6	46	(203)	227	114
Net result		394	(1 135)	1 003	(903)

* Figures for Q2 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	Q2 2014	Q2 2013	Cum Q2 2014	Cum Q2 2013
Total net result	394	(1 135)	1 003	(903)
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Changes in revaluation model	2	(4 316)	(10 424)	(2 880)
	(4 316)	(1 603)	(10 424)	(2 880)
Items that may be reclassified subsequently to profit or loss				
Translation differences	5	(15)	632	(21)
	5	(15)	632	(21)
Other comprehensive income, net of tax	(4 311)	(1 618)	(9 792)	(2 901)
Total comprehensive income for the year**	(3 917)	(2 753)	(8 789)	(3 804)
Profit (loss) attributable to:				
Owners of the company	(756)	(1 293)	(1 480)	(1 291)
Non controlling interests	1 150	158	2 483	388
Profit (loss)	394	(1 135)	1 003	(903)
Total comprehensive income attributable to:				
Owners of the Company	(5 067)	(2 983)	(11 271)	(4 192)
Non controlling interests	1 150	230	2 483	388
Total comprehensive income for the year	(3 917)	(2 753)	(8 789)	(3 804)
Earnings per share (in USD)				
Basic earnings per share (in USD)	0,01	(0,04)	0,04	(0,03)

* Figures for Q2 2013 are restated to equity consolidation for all joint venture companies in Group.

** Change in non-controlling interest was incorrectly included in other comprehensive income in Q1 2014 report has now been corrected in this report.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITION

GROUP Figures in USD '000

	Notes	Unaudited 30.06.2014	Unaudited 31.12.2013*	Audited 31.12.2013
Assets				
Deferred tax assets	6	6 000	6 000	6 000
Customer relations and other intangible assets		1 241	1 737	1 737
Goodwill		12 987	12 987	12 987
Intangible assets	3	20 228	20 724	20 724
Investment in associates and Joint Ventures	2, 9	66 923	116 933	17 852
Vessels and equipment	2	186 830	22 088	220 109
Tangible assets	2, 9	253 753	139 021	237 961
Total non current assets		273 981	159 745	258 685
Asset held for sale				1 233
Trade receivables		7 632	4 639	6 315
Other receivables		37 813	43 890	4 777
Receivables		45 445	48 529	11 092
Cash and cash equivalents		9 938	6 240	19 945
Total current assets		55 383	54 769	32 270
Total assets		329 364	214 515	290 954
Equity and liabilities				
Share capital		2 595	2 595	2 595
Treasury shares		(257)	(257)	(257)
Reserves		(1 108)	4 760	8 032
Revaluation reserve	2	92 098	97 944	97 944
Equity attributable to owners of the Company		93 328	105 041	108 315
Non-controlling interests		12 095	3 274	3 274
Revaluation reserve		40 976		
Total non-controlling interests	9	53 071	3 274	3 274
Total equity		146 399	108 315	108 315
Loans and borrowings		114 674	86 840	157 421
Total non current liabilities	5	114 674	86 840	157 421
First year installments	5	43 100	101	9 701
Trade payables		6 921	5 098	6 072
Tax payable		42	58	182
Other current liabilities		18 227	14 104	9 263
Total current liabilities		68 290	19 361	25 218
Total liabilities		182 964	106 201	182 639
Total equity and liabilities		329 364	214 515	290 954

* 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 Q2 2014	Unaudited Cum Q2 2013	Audited 2013
Equity at period opening balance (Number of shares: 29,593,259)		108 315	112 068	112 068
Profit after taxes majority		(1 480)	(1 291)	(3 299)
Profit after taxes minority		2 483	388	14
Revaluation of assets		(10 424)	(2 880)	2 363
Tax on revaluation reserve				604
Translation differences		632	(21)	(1 195)
Adjustments prior period		136		
Transactions with owners of the Company, recognised directly to equity				
Changes in non-controlling interests		51 893		(767)
Investments		(5 155)		
Equity issue				
Purchase of own shares			(1 472)	(1 472)
Equity at period end (Number of shares: 29,593,259)		146 399	106 792	108 315

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 con- trolling interests	Total equity
Equity at 31 December 2013	2 595	(257)	1 304	(2 203)	5 659	3 457	97 944	3 274	108 315
Profit and loss					(1 480)	(1 480)		2 483	1 003
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							(5 846)	(4 579)	(10 424)
Tax on revaluation reserve									
Translation differences				632		632			632
Total comprehensive income				632	(1 480)	(848)	(5 846)	(2 096)	(8 789)
Contributions by and distributions to owners									
Change in non controlling interests								51 893	51 893
Dividends to non-controlling interests									
Investments					(5 155)	(5 155)			(5 155)
Adjustments prior period					136	136			136
Issue of ordinary shares									
Change in treasury shares									
Equity per 30 June 2014	2 595	(257)	1 304	(1 571)	(840)	(2 409)	92 098	53 071	146 399

GROUP Figures in USD '000

Condensed consolidated statement of changes in equity									
	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non-controlling interests	Total equity
Equity at 31 December 2012	2 595	(87)	1 304	(1 008)	10 260	9 252	94 977	4 027	112 068
Profit and loss									
Coverage of previous losses					(903)	(903)			(903)
Decrease in non-controlling interests									
Other comprehensive income									
Changes in revaluation model							(2 880)		(2 880)
Tax on revaluation reserve									
Translation differences				(21)		(21)			(21)
Total comprehensive income				(21)	(903)	(924)	(2 880)		(3 804)
Contributions by and distributions to owners									
Issue of ordinary shares									
Change in treasury shares		(170)			(1 305)	(1 305)			(1 472)
Equity per 30 June 2013	2 595	(257)	1 304	(1 029)	8 052	7 024	92 097	4 027	106 792

GROUP Figures in USD '000

Condensed consolidated statement of changes in equity									
	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non-controlling interests	Total equity
Equity at 31 December 2012	2 595	(87)	1 304	(1 008)	10 260	9 252	94 977	4 027	112 068
Profit and loss					(3 299)	(3 299)		14	(3 285)
Coverage of previous losses									
Decrease in non-controlling interests								(767)	(767)
Other comprehensive income									
Changes in revaluation model							2 363		2 363
Tax on revaluation reserve							604		604
Translation differences				(1 195)		(1 195)			(1 195)
Total comprehensive income				(1 195)	(3 299)	(4 494)	2 967	(753)	(2 279)
Contributions by and distributions to owners									
Issue of ordinary shares									
Change in treasury shares		(170)			(1 302)	(1 302)			(1 472)
Equity per 31 December 2013	2 595	(257)	1 304	(2 203)	5 659	3 457	97 944	3 274	108 315

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

		Unaudited	
	Notes	Cum Q2 2014	Cum Q2 2013
Ordinary profit (loss) before taxes		775	(1 016)
Depreciation and amortization of tangible assets	2	4 936	2 304
Tax paid		(18)	29
Write off assets		94	43
Net income of associates		1 874	(1 430)
Change in trade receivables		(3 489)	(94)
Change in other receivables		(507)	928
Change in trade payables		1 536	(1 699)
Change in other accruals		(3 368)	(1 481)
Items classified as investing activities		2 674	(549)
Interest expense without cash effect		595	601
Net cash flow from operating activities		5 102	(2 364)
Net cash flow from dividends			
Net cash flow from investing activities		(6 597)	(3 285)
Net cash flow from investing activities		(6 597)	(3 285)
Issuing of debt			
Borrowing cost			
Repayment of debt		(4 663)	(480)
Net cash flow from financing activities	5	(4 663)	(480)
Equity issue			
Purchase of own shares			(1 472)
Net cash flow from share issue			(1 472)
Effect of changes to exchange rates on cash and cash equivalents		428	954
Net change in cash and equivalents		(5 729)	(6 647)
Cash and equivalents at start of period**		15 667	15 759
Cash and equivalents at end of period		9 938	9 112

* restricted cash is USD 0.5 million

** Cash and cash equivalents at start of period for Cum Q2 2012 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 to USD 9.4 million.

SELECTED EXPLANATORY NOTES

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of deep water offshore construction service and pipe lay vessels. In addition, Oceanteam Shipping provides complementary engineering services consisting of both engineering & design services and marine asset services.

NOTE 1 – FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q2 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
- IAS 28 Investment in Associates and Joint Ventures

For effects of implementation in details, ref. note 11.

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 this company has been classified its interest in this company 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 consolidated and Oceanteam Bourbon 4 AS has been fully 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.



CSV Southern Ocean at GWA platform, Australia

NOTE 2 – TANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2014	Investment in associates and Joint Ventures	Participation in LV 105	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 March 2014	11 635	11 955	104 722	50 956	179 268
Additions	2 728	(139)		2 955	5 545
Disposals			(221)		(221)
Historical Cost 30 June 2014	14 363	11 816	104 501	53 911	184 592
Accumulated depreciation 31 March 2014			(16 031)	(19 745)	(35 776)
Depreciation			(1 175)	(1 133)	(2 309)
Disposals depreciation					
Accumulated depreciation 30 June 2014			(17 206)	(20 878)	(38 085)
Accumulated impairments 31 March 2014				(8 553)	(8 553)
Impairments/reversals					
Accumulated impairments 30 June 2014				(8 553)	(8 553)
Historical Cost 30 June 2014	14 363	11 816	87 295	24 480	137 954
Revaluation reserve 31 March 2014	44 810	7 032	84 796		136 638
Change in revaluation	(1 112)	(360)	(2 844)		(4 316)
Revaluation reserve 30 June 2014	43 698	6 672	81 952		132 322
Accumulated depreciation 31 March 2014	(9 035)	(345)	(6 336)		(15 717)
Depreciation premium values	(190)	(56)	(560)		(807)
Revaluation reserve 30 June 2014	34 473	6 270	75 056		115 799
Carrying amount 30 June 2014	48 836	18 087	162 351	24 480	253 753
Depreciation rates			5-25 years	3-15 years	
Depreciation method	none	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.

OPERATING LEASE

In February 2014, Turntable 4.000te.1 was delivered to the lessee in accordance with the agreement to lease out the equipment. Among others, the lease period is for 2 years and the lessee has the option to purchase the equipment at an agreed price. The Company has made an assessment of the different elements of the contract, including the commercial aspects of the contract, and whether substantially all of the risks and rewards of the ownership are 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, it has been classified as an operating lease.

FAIR VALUE MEASUREMENTS

Fair value measurement of vessels

A valuation of the Group's construction support 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 30 June 2014. All joint ventures and associates are equity accounted except Oceanteam Bourbon 4 AS which is 100 percent consolidated. The revaluation surplus net of applicable deferred income taxes was 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 March 2014	Level 1	Level 2	Level 3
Recurring fair value measurements			USD 000'
Construction support vessels			162 351
Investment in associates			18 087
Investment in joint ventures			48 836
Total carrying amount 30.06.14			229 273

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

Fair value measurements using significant unobservable inputs (Level 3)

Opening balance 31.03.2014	233 201
Transfers to/(from) Level 3	
Additions	2 590
Disposals	(221)
Depreciation	(1 982)
Gains and losses recognised in other comprehensive income	(4 316)
Closing balance 30.06.2014	229 273

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 9.17%. The calculation of the WACC has the following assumptions:
 - 10 year state USD
 - a 40/60 ratio of equity / debt
- When Oceanteam Shipping has a signed building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam Shipping 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 102, CSV 104 and LV 105 were revaluated
- The option prices for the CSV North Ocean 102 and LV North Ocean 105 are included in the cash flow connected to the vessel and the option can be called in Q4 2014 and Q2 2017. When the relevant option period commences, McDermott will have 60 days to call the option. If the option is not exercised within the option period, the call option will go to Oceanteam Shipping. The call option price for the CSV 102 is USD 120 million at the initial transaction date 19th December 2009 depreciated over 20 years with adjustments for the working capital. The call option price for vessel LV 105 is USD 95.9 million at the initial transaction date 20th April 2012 depreciated over 20 years with adjustments for 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 CSV North Ocean 102 is included in the cash flow connected to the vessel, based on the management's best estimate.

NOTE 3 – INTANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2014	Goodwill	Customer relations	Deferred tax	Other	Intangible assets
Historical cost 31 March 2014	12 987	4 400	6 000	1 957	25 344
Additions					
Disposals				(714)	(714)
Historical cost 30 June 2014	12 987	4 400	6 000	1 243	24 630
Accumulated amortisation 31 March 2014		(4 400)			(4 400)
Amortisation					
Amortisation 30 June 2014		(4 400)			(4 400)
Accumulated impairments 31 March 2014					
Impairments/reversals					
Accumulated impairments 30 June 2014					
Book value 30 June 2014	12 987		6 000	1 243	20 228

NOTE 4 – SEGMENT INFORMATION

The Group has three segments, shipping, engineering and equipment, which are the Group's strategic divisions. 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.

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
At 30 June 2014					
Bank/ bond borrowings incl. interest	56 446	17 190	115 776		189 413
Other current liabilities	18 227				18 227
Total liabilities	74 673	17 190	115 776		207 640
At 31 March 2014					
Bank/ bond borrowings incl. interest	22 421	53 487	124 421		200 328
Other current liabilities	17 725				17 725
Total liabilities	40 146	53 487	124 421		218 053

Loans/ Currency of loan	True rate of interest	30 June 2014	31 March 2014
CSV 104 (USD) Secured	LIBOR + margin*	68 222	70 547
Bond loan (USD)	LIBOR + margin	90 912	90 793
Other long term debt		2 837	
Total long-term debt		161 971	161 340
**1st year principal repayments		43 100	8 100
***Borrowing costs		4 197	4 518
Total long-term debt		114 674	148 722

* 50 % of the LIBOR interest rate is fixed

** 1st 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 and the FSV 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 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 in question.

The repayment of the bond loan, due in April 2015, is linked to the likelihood that McDermott is executing their purchase option for the vessel North Ocean 102. In case McDermott is not executing the purchase option, Oceanteam Shipping has the right to execute the purchase option. The Group is reviewing refinancing alternatives in case this scenario would be effective.

Per Q2 2014 the Group has overdraft facilities of EUR 500.000 in addition to the cash balance of USD 9.9 million.

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).

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 include the use of financial instruments, but is largely based on natural hedging. Natural hedging means to have revenue and cost in the same currency for each project. This is, however, continuously being 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 has also 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 5.8 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.

Contract backlog:

- CSV 101: BP Angola until 28 February 2015 (+2 x 1 year option)
- CSV 102: changed from Time charter to Bareboat charter from 1 October 2012. McDermott firm until 1 August 2015 (+2 x 1 year option)
- CSV 104: Fugro TSMarine Australia until 31 December 2018 (+2 x 1 year option)
- LV 105: McDermott until 30 June 2017
- FSV Mantaraya an FSV Tiburon contracts extended until end 2014
- Engineering & equipment: the level of secured work / tenders out are satisfactory for the season
- RentOcean: increased backlog during 2014 and 2015
- RentOcean delivered a 2000T Modular Turntable and loading tower with build-in 15T Tensioner to Ceona
- RentOcean selected by LS Cable to include a second 4000T Modular Turntable

NOTE 6 – TAX IN Q1 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 1 017 million has been received in October 2013. The Group is analyzing how to utilize the nominal deferred losses of NOK 1 017 million or USD 169 million. The deferred losses for abroad operations are EUR 47 million.

The deferred tax balance USD 6.0 million in the balance sheet includes tax losses on operations in the Netherlands.

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 mid September 2014. The total claim is EUR 695.581, and late interest calculation will come as an addition. If the claim for payment against Oceanteam Shipping ASA is dismissed, the opposing party will pay all legal fees related to this case. Judgment to be given in favour of Oceanteam Shipping ASA is estimated to be significantly high by our legal advisors.

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 end 2014. 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 has joint control and a 50 % ownership. The company is founded in May 2006. The Group has classified its interest in North Ocean II KS as a joint venture.

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 Oceanteam Bourbon Spares & Equipment and North Ocean II KS based on its financial statements prepared in accordance with Norwegian GAAP. Both companies are equity accounted in the Group.

	North Ocean II KS	Oceanteam Bourbon Spares & Equipment AS
Nature of relationship with the Group	Vessel CSV North Ocean 102	Equipment business
Principal place of business	Bergen, Norway	Bergen, Norway
Ownership interest	50 %	50 %
Voting rights held	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 according to Norwegian GAAP, modified for fair value adjustments and differences in the Group's accounting policies.

Figures in NOK '000 000

	North Ocean II KS		Oceanteam Bourbon Spares & Equipment AS	
	Cum Q2 2014	2013	Cum Q2 2014	2013
Revenue	51,4	101,0		11,3
Profit before tax	26,5	53,6	0,6	0,6
Tax				0,6
Net result	26,5	53,6	0,6	1,3
Current assets	51,3	57,2	0,5	1,0
Non current assets	542,5	556,9	1,1	13,7
Current liabilities	(186,3)	(271,7)	(0,3)	(0,6)
Non-current liabilities	(202,2)	(163,9)	(0,3)	(13,6)
Net assets	205,2	178,4	1,0	0,5

GROUP Figures in USD '000

	North Ocean II KS		Oceanteam Bourbon Spares & Equipment AS	
	Q2 2014	2013	Q2 2014	2013
Group's interest in net assets of investee at beginning of year	19 521	37 267	144	195
Total comprehensive income attributable to the Group	2 443	5 431	(59)	(51)
Total other comprehensive income attributable to the Group	174	(4 719)		
Dividends received during the year		(18 458)		
Carrying amount of interest in investee at end of year.	22 138	19 521	85	144

ASSOCIATES

The Group has two associates that are material to the Group, both of which are equity accounted.

Oceanteam Bourbon 101 AS is an unlisted company which the Group has 50 % ownership interest but our partner has 51 % control. This company is founded in June 2009 by Oceanteam Shipping ASA and Bourbon Offshore Norway AS. From 1 January 2014 there has been revised shareholders agreement for Oceanteam Bourbon 101 AS that changed control in the entity.

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

The Group has classified its interest in Oceanteam Bourbon 101 AS and North Ocean 105 AS 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, based on their respective financial statements prepared according to Norwegian GAAP, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

Figures in NOK '000 000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	Cum Q2 2014	2013	Cum Q2 2014	2013
Revenue	73,9	126,1	71,6	137,9
Profit before tax	24,7	10,6	6,6	0,5
Tax		(0,0)		(0)
Net result	24,7	10,5	6,6	0,5
Current assets	67,2	91,0	49,9	59,3
Non current assets	390,4	421,2	628,7	643,8
Current liabilities	(56,2)	(124,6)	(84,6)	(63,0)
Non-current liabilities	(374,0)	(383,4)	(416,2)	(468,9)
Net assets	27,3	4,2	177,8	171,2

GROUP Figures in USD '000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	Q2 2014	2013	Q2 2014	2013
Group's interest in net assets of investee at beginning of year	27 594	31 639	17 852	14 071
Total comprehensive income attributable to the Group	2 323	2 594	555	2 560
Total other comprehensive income attributable to the Group	(3 304)	(1 133)	(298)	1 221
Dividends received during the year		(5 507)		
Carrying amount of interest in investee at end of year.	26 613	27 594	18 108	17 852

SUBSIDIARIES

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

- Following subsidiaries are material to the Group:
Oceanteam Shipping BV, Oceanteam Bourbon 4 AS 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 NOK '000 000

	Oceanteam Bourbon 4 AS	
	Cum Q2 2014	2013
Revenue	61	117
Profit	32	29
Other comprehensive income		
Total comprehensive income	32	29
Profit attributable to non-controlling interest	16	15
Total comprehensive income attributable to non-controlling interests	16	15
Current assets	41	57
Non current assets	525	539
Current liabilities	(84)	(93)
Non-current liabilities	(367)	(391)
Net assets	115	112
Net assets attributable to non-controlling interests (in NOK '000 000)	57	56
Net assets attributable to non-controlling interests (in USD '000 000)	13	10

Figures in USD '000

	Oceanteam Bourbon 4 AS	
	Q2 2014	2013
Cash flows from operating activities	4 673	18 658
Cash flows from investing activities	(5 667)	
Cash flows from financing activities	(4 100)	(23 944)
Net increase in cash and cash equivalents	(5 094)	(5 287)
Dividends paid to non-controlling interests during the year/period	(2 862)	

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 % but voting shares in Oceanteam Bourbon 4 AS is 51 % 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 12.9 million of equity in the Group accounts.

Revenue from company cumulative Q2 2014 is USD 10.1 million and profit is USD 6.1 million.

KCI THE ENGINEERS B.V.

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

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

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

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



RentOcean's 4000T Turntable being built up at LS Cable quayside in South Korea

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 Q2 2014	Cum Q2 2014	Cum Q2 2014
	Equity accounting for joint venture companies and 100% consolidation of Oceanteam Bourbon 4 AS	Effect of implementation	Proportionate consolidation and 100% consolidation of Oceanteam Bourbon 4 AS
Revenue	14 493	(22 937)	37 430
Net income from associates	3 249	1 844	1 405
Total operating revenues	17 742	(21 093)	38 835
Operating costs	(4 897)	5 464	(10 361)
Other administrative expense	(5 884)	4 862	(10 746)
Depreciation	(2 525)	5 508	(8 033)
Write off assets	3	97	(94)
Total operating expenses	(13 302)	15 932	(29 234)
Results from operating activities	4 439	(5 162)	9 601
Financial income	4	(19)	23
Financial costs	(3 904)	5 031	(8 935)
Foreign exchange results (loss)	(192)	(269)	77
Net finance profit /(loss)	(4 091)	4 744	(8 836)
Ordinary profit (loss) before taxes	348	(417)	765
Tax expense	46	(182)	227
Net result	394	(598)	992

	Cum Q2 2013		Cum Q2 2013
	Equity accounting for joint venture companies	Effect of implementation	Proportionate consolidation and 100% consolidation of Oceanteam Bourbon 4 AS
Revenue	15 615	(30 244)	45 859
Net income from associates	8 086	6 979	1 107
Total operating revenues	23 701	(23 265)	46 966
Operating costs	(8 157)	2 730	(10 887)
Other administrative expense	(8 255)	126	(8 381)
Depreciation	(2 304)	8 399	(10 703)
Write off assets	(43)	15	(58)
Total operating expenses	(18 759)	11 270	(30 029)
Results from operating activities	4 942	(11 995)	16 937
Financial income	24	(33)	57
Financial costs	(6 249)	4 511	(10 760)
Foreign exchange results (loss)	267	(1 125)	1 392
Net finance profit /(loss)	(5 958)	3 354	(9 310)
Ordinary profit (loss) before taxes	(1 017)	(8 644)	7 627
Tax expense	114	5	109
Net result	(903)	(8 639)	7 736



Lay Vessel North Ocean 105 at Kikeh Field, Malaysia

	Q2 2014		Q2 2014
	Equity accounting for joint venture companies and 100% consolidation of Oceanteam Bourbon 4 AS	Effect of implementation	Proportionate consolidation and 100% consolidation of Oceanteam Bourbon 4 AS
Assets			
Deferred tax assets	6 000		6 000
Customer relations & Design	1 241		1 241
Goodwill	12 987		12 987
Intangible assets	20 228		20 228
Investments in joint ventures and associates	66 923	47 914	19 009
Vessels and equipment	186 830	(106 082)	292 912
Tangible assets	253 753	(58 168)	311 921
Total non current assets	273 981	(58 168)	332 149
Trade receivables	7 632	(1 341)	8 973
Other receivables	37 813	32 090	5 723
Receivables	45 445	30 749	14 696
Cash and cash equivalents	9 938	(7 037)	16 975
Total current assets	55 383	23 712	31 671
Total assets	329 364	(34 460)	363 822
Equity and liabilities			
Share capital	2 595		2 595
Treasury shares	(257)		(257)
Other equity	(1 108)		(1 108)
Revaluation reserve	92 098		92 098
Equity attributable to owners of the Company	93 328		93 328
Non-controlling interest	12 095		12 095
Revaluation reserve	40 976		40 976
Total equity	146 399		146 399
Loans and borrowings	114 674	12 795	101 879
Total non-current liabilities	114 674	12 795	101 879
First year installments	43 100	(53 237)	96 337
Trade payables	6 921	(762)	7 683
Tax payable	42	(7)	49
Other current liabilities	18 227	6 751	11 476
Total current liabilities	68 290	(47 255)	115 545
Total liabilities	182 964	(34 460)	217 424
Total equity and liabilities	329 365	(34 460)	363 822

	01.01.2013		01.01.2013
	Equity accounting for joint venture companies	Effect of implementation	Proportionate consolidation and 100% consolidation of Oceanteam Bourbon 4 AS
Assets			
Deferred tax assets	3 831		3 831
Customer relations & Design	1 688		1 687
Goodwill	12 987		12 987
Intangible assets	18 506		18 506
Investments in joint ventures and associates	126 371	112 378	13 993
Vessels and equipment	15 333	(286 496)	301 829
Tangible assets	141 704	(174 118)	315 822
Total non current assets	160 210	(174 118)	334 327
Trade receivables	3 945	(4 605)	8 550
Other receivables	28 878	21 025	7 853
Receivables	32 823	16 420	16 403
Cash and cash equivalents	15 759	(27 088)	42 847
Total current assets	48 582	(10 668)	59 250
Total assets	208 790	(184 786)	393 578
Equity and liabilities			
Share capital	2 595		2 595
Treasury shares	(257)		(257)
Other equity	10 727	(4 130)	14 857
Revaluation reserve	94 977		94 977
Equity attributable to owners of the Company	108 041	(4 130)	112 172
Non-controlling interest	4 027	(720)	4 747
Revaluation reserve		(37 462)	37 462
Total equity	112 068	(43 242)	154 382
Loans and borrowings	85 305	(118 227)	203 532
Total non-current liabilities	85 305	(118 227)	203 532
First year installments	1 089	(14 388)	15 477
Trade payables	4 788	(1 480)	6 268
Tax payable	52	(1)	53
Other current liabilities	5 489	(7 447)	13 865
Total current liabilities	11 418	(23 317)	35 664
Total liabilities	96 723	(141 544)	239 196
Total equity and liabilities	208 790	(184 786)	393 578

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 with BP 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. Its excellent seafaring capabilities, one 150 tonnes and one 100 tonnes fully heave compensated cranes, moon pool, 2000m² free deck space and 120 accommodation enables CSV Bourbon Oceanteam 101 to be utilised for field support, construction, installation and IRM support.

CSV NORTH OCEAN 102



This DP2 Construction Support Vessel was delivered in Q4 2008. The vessel has been working for ABB High Voltage AB since its delivery and been mobilised with a 7000 tonnes, 2 x 120 tonnes tensioners flexible product installation spread. CSV North Ocean 102 is equipped with one 100 ton heave compensated crane. The second of the standard design North Ocean 100 series has been converted in one of the largest flexible product installation vessel in the world suitable for both subsea power cables and umbilicals. The ship is 137 meter in length and has a 27 meter beam and can accommodate up to 199. The vessel is jointly owned by Oceanteam Shipping and McDermott. The vessel has secured a 5 year charter with McDermott.

CSV SOUTHERN OCEAN



The vessel was delivered in Q4 2010 and immediately commenced its first project for Fugro-TSMarine 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), 2500m² deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

VESSELS

LAY VESSEL NORTH OCEAN 105



High-capacity, rigid-reeled vertical pipelay vessel, with 3000-ton payload reel capacity for subsea construction and installation, and deepwater moorings installation; which has been delivered the 20th April 2012. The vessel has started a 5 year charter contract at delivery.

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 compared to similar vessel available.

UP TO 4000T DEMOUNTABLE TURNTABLES



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



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