



INTERIM REPORT 2ND QUARTER 2013 OCEANTEAM SHIPPING ASA



OCEANTEAM SHIPPING



OCEANTEAM SHIPPING ASA – Q2 2013 INTERIM REPORT

ISSUE DATE 29TH AUGUST 2013

STEADY AND 5 YEAR DRY DOCKING BO 101 COMPLETED

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Construction Service and Pipe Lay Vessels, Design Engineering and Equipment Rental Services.

"During the first half year Oceanteam Shipping ASA experienced the full utilization of all vessels except for the planned dry docking and upgrade period for Bourbon Oceanteam 101. In the engineering division the company continues to see satisfactory utilization. In the first half year Oceanteam also initiated a further investment program in up to 4.000 Ton modular carousel systems, this following an order by LS Cable Korea. The modular carousels represent a new and high-value segment for Oceanteam and we are very pleased at the market demand for our innovative, proprietary cable solutions – most recently by the award of a two year contract. Management sees strong markets in all segments and will continue to focus on performance and profitability going forward."

HIGHLIGHTS FOR THE QUARTER

- Revenue from operations USD 15.2 million
- EBITDA from operations USD 6.0 million
- Operating profit of USD 2.6 million
- Net finance negative USD 3.5 million
- LS Cable Korea awarded contract for supply of a/o a 4.000 Ton modular carousel system
- 5 year dry docking and upgrade Bourbon Oceanteam 101 completed, duration of 7 weeks.
- Engineering segment completed and started up new projects effecting efficiency
- OceanWind is awarded with its first cable storage and handling contracts.



KEY FIGURES FOR THE GROUP

GROUP Figures in USD '000

	Q2 2013	Q2 2012	YTD 2013	2012	2011	2010
Revenue	14 673	15 432	30 595	64 269	61 208	46 988
Net income of associates	531	673	1 106	2 268		
Operating costs	(4 641)	(5 397)	(10 103)	(23 384)	(24 651)	(21 797)
General & administration	(4 562)	(3 454)	(8 344)	(14 423)	(11 795)	(8 139)
EBITDA	6 001	7 254	13 252	28 730	24 762	17 052
EBITDA percentage of revenue	39 %	45 %	42 %	43 %	40 %	36 %

The Shipping segment consists of three multipurpose Construction Support Vessels, one Pipe Lay Vessel and two FSV's. All vessels have been fully employed except for the planned dry dock period for the Bourbon Oceanteam 101. Total docking including transit to Cape Town took 7 weeks which two were covered by the client.

Income streams North Ocean 102 and North Ocean 105 unaffected by extensive upgrade works by client McDermott International.

The Engineering segment designs and engineers: Complete platforms and infrastructure for the Oil & Gas and Renewables Industry, Deck layouts, Cable & Pipe lay solutions and HSE procedures.

In addition the Engineering segment rents out a pool of lay and burial equipment, lay and storage carousels and reels. The company has initiated a joint venture called OceanWind for cable transport and storage solutions.

USD million	Q2 13	Q2 12	%	2012
Operating revenues	15,2	16,1	-6 %	66,5
Operating costs	(4,6)	(5,4)	-14 %	(23,4)
EBITDA	6,0	7,3	-17 %	28,7

2013 OPERATIONS

- CSV Bourbon Oceanteam 101 on time charter with Oceaneering/ BP Angola. In the second quarter a 5 years dry docking and vessel upgrade period was completed which resulted in an offhire period of 5 ½ weeks. The vessel went back on hire 11 July 2013
- CSV North Ocean 102 has been on bareboat charter with J. Ray McDermott S.A.
- CSV Southern Ocean has been on bareboat charter with Fugro TSMarine Australia
- Lay Vessel North Ocean 105 has been on time charter with J. Ray McDermott S.A.
- Oceanteam Shipping's fast support vessels have been on charter in Venezuela

KCI Engineering, servicing the Oil & Gas – and Offshore Renewable sector with engineering and design services has had an average of 160 engineers working on the following projects:

- Concept design turret and mooring system (Angola)
- Started concept, basic and detailed design for a Cold Start Up Vessel (CSUV) for several platforms in the Dutch sector
- Started topside lift system design for Allseas owned platform decommissioning and pipe lay vessel Pieter Schelte
- Started basic and detailed design observation wheel in Dubai
- Started basic and detailed design calculations for 2 jacket support structures
- Oceanteam Equipment rents out carousels, subsea ploughs and tensioning equipment to numerous clients. Significant growth is expected for the 2014 and 2015 period based on back log, prospects and investment plans

Oceanteam Shipping ASA – 29.593.259 shares were tradable per 24th January 2013 after the exercising of 14.5 million of Warrants. During the second quarter the share price has had a positive growth.

MARKET AND FUTURE OUTLOOK

Oceanteam Shipping sees strong market activity in both the Offshore Oil and Gas – and the Renewable Energy Market for certain regions and the management expects this trend to continue.

The company experienced an increased tender activity in the markets in Mexico and Venezuela.

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.

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 Market, as well as the Offshore Renewable Energy Market.

This strategy will provide the company with excellent opportunities in the near future.

FINANCIAL RISK

Financial risks include interest rate and currency fluctuations, investment and trading risks in general, borrowing and leverage risks and risks in connection with one vessel under the Spanish Tax Lease, Lay Vessel North Ocean 105.

On 17th July 2013 the European Commission concluded that a Spanish scheme for purchase of

ships involving leasing and financing through tax relief is partly incompatible with EU rules on state aid. The verdict concludes that Spanish authorities must now determine, in accordance with the Commission's decision, the amounts of incompatible aid to be recovered from economic interest groupings and their investors and Oceanteam has received full indemnity from the shipyard. The Commission's decision does not allow the beneficiaries to pass on the repayment obligations to third parties (such as shipyards), even under existing contracts. In Oceanteam's Spanish Tax Lease contracts the ship yard is responsible for the tax lease. The full press release from the European Commission can be found under:

http://europa.eu/rapid/press-release_IP-11-825_en.htm?locale=en

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 Euro. A new USD denominated bond loan settled at 24th October 2012 has reduced the company's foreign currency exposure significantly. Financial covenants as debt service coverage ratio and gearing ratio are applicable and they are further described in the annual report 2012.

The company is exposed to changes in LIBOR interest rates as some of its debt has floating LIBOR rates.

Contract backlog		2012 Q1-2	2012 Q3-4	2013 Q1-2	2013 Q3-4	2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 Q3-4
Shipping	Type of contract										
CSV BO 101	time charter	Contract	Contract	Dry Dock	Contract	Contract	Contract	Option	Option	Option	Option
CSV North Ocean 102	bareboat	Contract	Contract	Contract	Contract	Contract	Contract	Contract			
CSV Southern Ocean	bareboat	Contract	Contract	Contract	Contract	Contract	Contract	Contract			
LV North Ocean 105	time charter	Under construction	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract
Mantarraya	bareboat	Contract	Contract	Contract	Contract	Contract					
Tiburón	bareboat	Contract	Contract	Contract	Contract	Contract					

Dry Dock
 Contract
 Option
 Under construction
 No contract

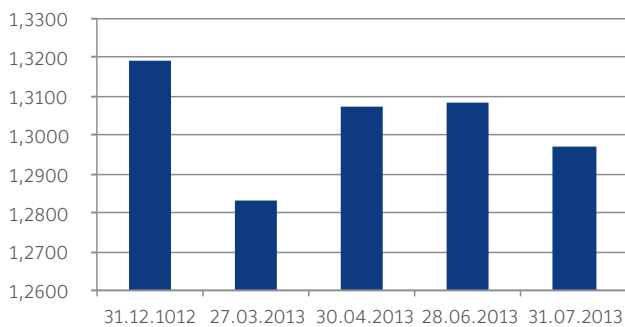
In the loan agreement for the CSV Bourbon Ocean-team 101 and CSV Southern Ocean 50% of the LIBOR interest rate has been fixed. For the Lay Vessel North Ocean 105 and for the FSV's, the interest rate is fixed. This protects the company from volatile interest rate fluctuations which can affect the Debt Service Coverage Ratio covenant. The new USD bond loan and the loan for the North Ocean 102 have a floating LIBOR. With the new debt maturities secured in 2012 and the forward interest curves, the company sees a satisfactory risk level.

The objective of the Company is to reduce the financial risk as much as possible. Current foreign currency exchange strategy does not include the use of financial instruments, but is largely based on natural hedging where income streams and costs are matched for the various projects. This is, however, continuously being assessed by the management and the Board of Directors. The Shipping segment is mainly in USD while the Engineering segment is in EUR.

In the currency graphs the development between the US dollars and the Euro is presented. For the company it will reduce (increase) the equity with USD 0,02 million if the exchange rate moves from 1.30 to 1.20 (1.40).

LIQUIDITY RISK

USD/EUR



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 refinancing transactions in 2012 has significantly increased the liquidity buffer and reduced the liquidity risk for the company. The negative verdict in the Sawicon case resulted in decreasing the company's liquidity for the second quarter.

INVESTMENTS

- Oceanteam Shipping ASA took delivery of a new 2.000 Ton modular carousel system in April.
- In the second quarter the ordering of a new 4.000 Ton modular carousel system took place to fulfil the two years LS Cable contract starting in 2014.
- In June, Oceanteam Shipping ASA took delivery of a new OTS designed 15 Ton tensioner.
- Oceanteam Shipping ASA continued its share buyback program and purchased 1.9 million treasury shares. OTS now owns 10% of the total number of issued shares.

TAX LOSSES

The deferred tax assets will be utilized where possible and is significantly larger than the booked deferred tax asset of USD 4.5 million. The company aims to increase the booked deferred tax asset by securing new contracts and increasing the profit in the engineering segment. During the first half year 2013, Oceanteam Shipping secured some new contracts.

EVENTS AFTER THE BALANCE SHEET DATE

- Oceanteam Shipping ASA is involved in an on-going court case against naval architect Sawicon for the infringement of the company's rights to the North Ocean 100 series. The initial partial verdict in favour of Sawicon AS was appealed strongly by the company. The company will continue to stand by its commitment to protect the company's intellectual property rights against infringement.
- The company took note on 17th July 2013 of the verdict from the European Commission concerning the Spanish Tax Lease System utilized by the yard for building Oceanteam's fleet. Recovery of incompatible benefits by the Spanish authorities will, based on this verdict, not be from Ship Owners like Oceanteam Shipping ASA. In addition the company has an indemnity from the shipyard who organised the structure.

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 2013 - 2015 and the group's long - term strategic forecasts. The annual report for 2012 is available on www.oceanteam.no



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 2013 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 29, 2013
The Board of Directors
Oceanteam Shipping ASA



Hessel Halbesma
Chairman and Director



James Wingett Hill
Director



Catharina Petronella Johanna Pos
Director



Haico Halbesma
CEO



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

GROUP Figures in USD '000

	Notes	Unaudited Q2 2013	Q2 2012	Unaudited Cum 2013	Cum 2012
Revenue		14 673	15 432	30 595	30 788
Total operating revenues	4	14 673	15 432	30 595	30 788
Net Income of associates		531	673	1 106	673
Operating costs		(4 641)	(5 397)	(10 103)	(11 570)
General & administration		(4 562)	(3 454)	(8 344)	(6 488)
Depreciation	2	(3 368)	(3 598)	(6 731)	(7 019)
Write off assets		(17)	(8)	(58)	(16)
Total operating expenses		(12 587)	(12 457)	(25 237)	(25 093)
Operating profit (loss)		2 616	3 648	6 465	6 368
Financial income		51	116	63	332
Financial costs	5	(4 068)	(3 415)	(8 149)	(7 552)
Foreign exchange results (loss)		469	533	606	(152)
Net finance		(3 548)	(2 767)	(7 480)	(7 372)
Ordinary profit (loss) before taxes		(932)	881	(1 015)	(1 005)
Income tax	6	(203)	133	113	(70)
Net result		(1 135)	1 015	(903)	(1 074)

GROUP Figures in USD '000

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Unaudited		Unaudited	
	Q2 2013	Q2 2012	Cum 2013	Cum 2012
Total net result	(1 135)	1 015	(903)	(1 074)
Changes in revaluation model	2 (1 603)	2 285	(2 880)	6 991
Other comprehensive income		3 833		(40)
Translation differences	(15)	188	(21)	(1 560)
Tax on comprehensive income				
Total comprehensive income for the year	(2 754)	7 321	(3 804)	4 317
Profit (loss) attributable to:				
Owners of the company	(1 293)	1 086	(1 291)	(1 202)
Non controlling interests	158	(71)	388	127
Profit (loss)	(1 135)	1 015	(903)	(1 074)
Total comprehensive income attributable to:				
Owners of the company	(2 912)	7 392	(4 192)	4 189
Non controlling interests	158	(71)	388	127
Total comprehensive income for the year	(2 754)	7 321	(3 804)	4 317
Earnings per share (in USD)				
Basic earnings per share (in USD)	(0,04)	0,07	(0,04)	(0,07)
Diluted earnings per share (in USD)	(0,04)	0,02	(0,04)	(0,02)
Earnings per share - continuing operations				
Basic earnings per share (in USD)	(0,04)	0,07	(0,04)	(0,07)
Diluted earnings per share including warrants II (in USD)	(0,04)	0,02	(0,04)	(0,02)
Number of shares in the period	7 29 593 259	29 593 259	29 593 259	29 593 259

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITION

GROUP Figures in USD '000

		Unaudited	
	Notes	30.06.2013	31.12.2012
Assets			
Deferred tax assets	6	4 500	3 831
Customer relations and other intangible assets		1 058	1 688
Goodwill		12 987	12 987
Intangible assets	3	18 545	18 506
Investment in associates		13 635	14 071
Vessels and equipment		216 906	219 010
Tangible assets	2	230 541	233 081
Total non current assets		249 085	251 587
Trade receivables		6 503	7 658
Other receivables		6 934	7 321
Receivables		13 438	14 979
Cash and cash equivalents		27 289	34 846
Current assets		40 726	49 825
Total assets		289 812	301 412
Equity and liabilities			
Share capital	8	2 595	2 595
Treasury shares	8	(257)	(87)
Retained earnings		11 149	13 375
Revaluation reserve	2	93 305	96 185
Total equity		106 792	112 068
Loans and borrowings		165 973	171 894
Total non current liabilities	5	165 973	171 894
First year installments	5	11 559	11 427
Trade payables		3 876	5 326
Tax payable		81	53
Other current liabilities		1 531	644
Total current liabilities		17 047	17 450
Total liabilities		183 020	189 344
Total equity and liabilities		289 812	301 412

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP Figures in USD '000

	Notes	Unaudited Cum Q2 2013	2012
Equity at period opening balance			
(Number of shares: 29,593,259)	7	112 068	112 958
Profit after taxes majority		(1 291)	(11 954)
Profit after taxes minority		388	537
Revaluation of assets		(2 880)	8 596
Tax on revaluation reserve			4 342
Translation differences		(21)	(4 328)
Share issue			
Equity issue			2 608
Purchase of own shares	8	(1 472)	(691)
Equity at period end (Number of shares: 29,593,259)	7	106 792	112 068

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)	9 052	8 044	96 185	4 027	112 068
Profit and loss					(1 291)	(1 291)		388	(903)
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							(2 880)		(2 880)
Translation differences				(21)		(21)			(21)
Total comprehensive income				(21)	(1 291)	(1 312)	(2 880)	388	(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)	6 456	5 428	93 305	4 415	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 2011	1 291			2 745	21 610	24 355	83 247	4 065	112 958
Profit and loss					(11 954)	(11 954)		537	(11 417)
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							8 596		8 596
Tax on revaluation reserve							4 342		4 342
Translation differences				(3 753)		(3 753)		(575)	(4 328)
Total comprehensive income				(3 753)	(11 954)	(15 707)	12 938	(38)	(2 807)
Contributions by and distributions to owners									
Issue of ordinary shares	1 304		1 304						2 608
Change in treasury shares		(87)			(604)	(604)			(691)
Equity per 31 December 2012	2 595	(87)	1 304	(1 008)	9 052	8 044	96 185	4 027	112 068



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

GROUP Figures in USD '000

	Notes	Unaudited Q2 2013	Q2 2012
Ordinary profit (loss) before taxes		(1 015)	(1 005)
Depreciation and amortization of tangible assets	2	6 731	7 019
Tax paid		(354)	
Write off assets		58	16
Net income of associates		(1 106)	
Change in trade receivables		1 155	(3 402)
Change in other receivables		387	(2 110)
Change in trade payables		(1 450)	5 778
Change in other accruals		915	4 497
Net cash flow from operating activities		5 320	10 793
Net cash flow from investing activities		(4 939)	(3 147)
Net cash flow from investing activities		(4 939)	(3 147)
Issuing/ - repayment of debt		(5 919)	(2 536)
Net cash flow from financing activities	5	(5 919)	(2 536)
Purchase of own shares		(1 472)	
Net cash flow from share issue	8	(1 472)	
Effect of changes to exchange rates on cash and cash equivalents		(547)	(2 358)
Net change in cash and equivalents		(7 557)	2 752
Cash and equivalents at start of period		34 846	11 638
Cash and equivalents at end of period		27 289	14 390

* restricted cash is USD 4.0 million

Contract backlog		2012 Q1-2	2012 Q3-4	2013 Q1-2	2013 Q3-4	2014 Q1-2	2014 Q3-4	2015 Q1-2	2015 Q3-4	2016 Q1-2	2016 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										
Mantarraya	bareboat										
Tiburón	bareboat										

■ Dry Dock
 ■ Contract
 ■ Option
 ■ Under construction
 ■ No contract

SELECTED EXPLANATORY NOTES

Oceanteam Shipping is an offshore shipping company. Oceanteam's business is the owning, chartering and managing of Deepwater Offshore Constructive Service and Pipe Lay Vessels, Design Engineering and Equipment Rental Services.

NOTE 1 - FINANCIAL STATEMENTS

The condensed set of Financial Statements for Q2 2013 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 2012, unless otherwise is stated.

SELECTED ACCOUNTING PRINCIPLES

The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 December 2012.

IFRSs effective for Interim Financial Statements that are produced for periods beginning on or after 1st January 2013

IFRS 7 Financial Instruments – Disclosure

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

Assessment have been done and the Group find no material impacts for Q2 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 becomes effective for annual periods beginning on or after 1st January 2013.

Assessment have been done and the Group find no material impacts for Q2 2013.

NOTE 2 - TANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2013	Participation in LV 105	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 March 13	7 414	145 566	39 609	192 589
Additions	454	2 063	1 278	3 795
Disposals			(10)	(10)
Historical Cost 30 June 2013	7 868	147 629	40 877	196 373
Accumulated depreciation 31 March 2013		(25 932)	(16 337)	(42 269)
Depreciation		(1 706)	(779)	(2 485)
Disposals depreciation				
Accumulated depreciation 30 June 2013		(27 638)	(17 116)	(44 754)
Accumulated impairments 31 March 2013			(8 553)	(8 553)
Impairments/reversals				
Accumulated impairments 30 June 2013			(8 553)	(8 553)
Historical Cost 30 June 2013	7 868	119 991	15 208	143 067
Revaluation reserve 31 March 2013	5 902	87 737		93 639
Change in revaluation	10	(1 613)		(1 603)
Revaluation reserve 30 June 2013	5 912	86 124		92 036
Accumulated depreciation 31 March 2013	(72)	(3 973)		(4 045)
Depreciation premium values	(72)	(446)		(518)
Revaluation reserve 30 June 2013	5 767	81 705		87 473
Carrying amount 30 June 2013	13 635	201 696	15 208	230 541
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.

The assumptions in the revaluation model are the following:

- The model for the calculation of the revaluation has been developed in cooperation with external experts and 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 opinion 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 above 3 assumptions from Brokers sole opinion of the fair market value any asset in the prevailing market as between a willing seller and a willing buyer, charter free. The Brokers valuation are done quarterly at end of quarter.

In the market for CSV / Lay Vessels there are few transactions of similar tonnage and charter rates often are adjusted to specific projects, the valuation is mostly based on Brokers opinion of recent newbuilding quotes of similar tonnage and equipment.

In general the Brokers state that they cannot give any assurance that the valuation can be sustained or realizable in any actual transactions. The vessels are also valued individually. If all or any of them were placed on the market at the same time, no assurance can be given that the amount realized would be equal to the total of the individual valuations.

- The average of two brokers valuation on a charter free CSV / 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 value of the vessel is depreciated linear over the useful life of the assets
- The cash flow from the charter is discounted with a WACC. 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 Vessels 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 price 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 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 shall be 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 best estimate of the management.

Investment in 2.000 Ton modular carousel system:

Oceanteam Shipping ASA took delivery of a new 2.000 Ton modular carousel system in April.

Investment in 15 Ton tensioner:

In June, Oceanteam Shipping ASA took delivery of a new OTS designed 15 Ton tensioner.

Investment in 4.000 Ton modular carousel system:

In Q2 2013, Oceanteam Shipping was awarded a contract to supply LS Cable Korea a certified 4.000 Ton modular carousel system, a 10 Ton tensioner and accompanying equipment. The building is in progress and planned delivery is within the fourth quarter this year.

NOTE 3 - INTANGIBLE ASSETS

GROUP Figures in USD '000

Q2 2013	Goodwill	Customer relations	Deferred tax	Other	Intangible assets
Historical cost 31 March 2013	12 987	4 400	4 500	670	22 557
Additions				10	10
Disposals					
Historical cost 30 June 2013	12 987	4 400	4 500	680	22 567
Accumulated amortisation 31 March 2013		(3 655)			(3 655)
Amortisation		(366)			(366)
Amortisation 30 June 2013		(4 021)			(4 021)
Accumulated impairments 31 March 2013					
Impairments/reversals					
Accumulated impairments 30 June 2013					
Book value 30 June 2013	12 987	379	4 500	680	18 545

NOTE 4 - SEGMENT INFORMATION

GROUP Figures in USD '000

The Group has two segments, shipping and engineering as described below, 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. The following summary describes the operations in each of the Group's reportable segments:

Segment information	Shipping		Engineering		Total	Total
	Q2 2013	Q2 2012	Q2 2013	Q2 2012	Q2 2013	Q2 2012
Revenue	7 343	9 347	7 329	6 086	14 673	15 432
Net income of associates	531	673			531	673
Operating costs	(803)	(1 866)	(3 838)	(3 531)	(4 641)	(5 397)
General & administration	(2 543)	(1 771)	(2 018)	(1 683)	(4 562)	(3 454)
EBITDA	4 527	6 382	1 473	872	6 001	7 254
EBITDA%	57%	64%	20%	14%	39%	45%
Reportable segment profit	(1 411)	2 146	276	(1 131)	(1 135)	1 015

NOTE 5 - LOANS AND BORROWINGS

GROUP Figures in USD '000

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 2013					
Bank/ bond borrowings incl. interest	25 743	69 406	128 592		223 741
Other current liabilities	5 488				5 488
Total liabilities	31 231	69 406	128 592		229 229

At 31 March 2013					
Bank/ bond borrowings incl. interest	26 113	25 752	165 379		217 244
Other current liabilities	5 568				5 568
Total liabilities	31 681	25 752	165 379		222 812

Loans/ Currency of loan		True rate of interest	30 June 2013	31 March 2013
CSV 101 (USD)	Secured	LIBOR + margin*	30 525	31 350
CSV 102 (USD)	Secured	LIBOR + margin	17 181	17 928
CSV 104 (USD)	Secured	LIBOR + margin*	38 694	39 883
Two FSV's (USD)	Secured	LIBOR + margin	697	987
Bond loan (USD)		LIBOR + margin	90 436	90 317
Total long-term debt			177 533	180 464
1 st year principal repayments			11 559	11 427
Total long-term debt			165 973	169 036

* 50% of the LIBOR interest rate is fixed

The CSV vessels and the FSV vessels are collateral for the loans. Latest valuation conclude that real value of the secured CSV vessels and the two FSV boats are significantly higher than the loan amount per 30th June 2013.

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 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 refinancing transactions in 2012 has significantly increased the liquidity buffer and reduced the liquidity risk for the company. The negative verdict in the Sawicon case resulted in decreasing the company's liquidity for second quarter.

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.

Per Q2 2013 the Group has overdraft facilities of EUR 500.000 in addition to the cash balance of USD 27.3 million.

Currency risk

The Group is exposed to currency risk 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 90.4 million per 30 June 2013 and accrued call premium is USD 317.576. Incurred interest costs are from now on in USD for all loans. Provisions and other items are all in EUR, USD and GBP.

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 currency 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. This is, however, continuously being assessed by the Board of Directors.

The booked equity ratio is 36.9 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 4.5 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 back log:

- CSV 101: BP Angola until 28th February 2015 (+2 x 1 year option)
- CSV 102: changed from Time charter to Bareboat charter from 1 October 2012. McDermott firm until 1st August 2015 (+2 x 1 year option)
- CSV 104: Fugro TSMarine Australia until 31st December 2015
- LV 105: McDermott until 30th June 2017 (delivered April 2012)
- FSV Mantarraya: Inversiones until early 2014
- FSV Tiburon: Inversiones until early 2014
- Engineering- & equipment: the level of secured work / tenders out are satisfactory for the season

NOTE 6 - TAX IN Q2 2013

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 28%. However, the Group has major tax losses to be carried forward due to losses on contracting business. Tax papers for 2013 shows a deferred tax loss of NOK 1 017 million. 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 is EUR 45 million.

The deferred tax balance USD 4.5 million in the balance sheet refers to abroad operations in the Netherlands.

NOTE 7 – NUMBER OF SHARES IN THE PERIOD

At the Annual General Meeting of Oceanteam Shipping on 31 May, it was resolved to consolidate (reverse split) the shares of the company so that 10 old shares shall give 1 new share. After the share consolidation, the nominal value of the shares shall be NOK 0.50, up NOK 0.45 from NOK 0.05. Further, in order to ensure a number of shares dividable by 10 prior to consolidation, a share capital increase of 7 new shares at a subscription price of NOK 0.05 was resolved. Following consolidation the number of shares will thus be reduced from 150.788.393 to 15.078.840.

As the company for the time has outstanding warrants, it was resolved to carry out a similar consolidation as with the shares so that 10 warrants are consolidated into 1. The new face value per warrant is with same ratio 10:1, hence NOK 1.00.

When the existing bond loan will be redeemed the 23rd November, the potential exercise of up to 14.898.607 warrants type I will be triggered, which gives the holder the right to subscribe for one new share at a price of NOK 1.00, per warrant. If all warrants type I are exercised, the new number of outstanding shares will be 29.977.400 and the company will no longer have any warrants outstanding.

In the Consolidated Statement of Comprehensive Income, the previous number of shares have been restated for the ex-reverse split at the ratio 10:1, hence previous earnings per share (in USD) are also restated for the previous periods.

The bond loan was repaid the 23rd November 2012 and triggered the exercising of 14.5 million warrants which cleaned up the share capital and resulted in a total number of shares of 29.593.259 for the company in Q4 2012. With capital paid in 2012 and the new shares registered in January 2013.

NOTE 8 – SHARE CAPITAL AND PURCHASE OF OWN SHARES

In Q3 2012 Oceanteam Shipping ASA purchased own shares in the market. Following these transactions Oceanteam Shipping ASA owns a total of 1.007.524 treasury shares which equals 6.68% of the total number of shares.

Oceanteam Shipping ASA has registered the new share capital of NOK 14.796.629.50 divided into 29.593.259 shares, each with a nominal value of NOK 0.50 per 24 January 2013.

On 22 February 2013 Oceanteam Shipping ASA purchased 1.951.798 own shares at NOK 4.30 per share. After this transaction Oceanteam owns a total of 2.959.324 own shares representing 9.99% of the company's shares. The purpose of the buy-back was to secure the company's obligations related to its incentive plan for executives and employees.

The share price has had a positive development during the quarter and current share price is NOK 6,05 on 26 August 2013.

NOTE 9 - RELATED PARTIES

Oceanteam Holding BV.

Oceanteam Holding BV. is controlled by chairman Hessel Halbesma and Haico Halbesma, CEO.

Oceanteam Holding acts as guarantor for Oceanteam II BV on the Amstel Lease financing of the Mexican Fast Support Vessels. Oceanteam Shipping ASA pays a fee for this guarantee equal to 5% of the outstanding guarantee amount.

Toha Invest BV

Toha Invest BV is controlled by Hessel Halbesma and Haico Halbesma, CEO.

Heer Holland BV

This company is controlled by CEO Haico Halbesma, who has a service agreement with Oceanteam Shipping ASA.

Feastwood Holding Ltd

Feastwood is controlled by Hessel Halbesma and Haico Halbesma.

Lenzo

Lenzo is controlled by Catharina Petronella Johanna Pos, director of Oceanteam Shipping ASA.

Groom Hill

Groom Hill is controlled by James Wingett Hill, director of Oceanteam Shipping ASA.

NOTE 10 - CONTINGENT LIABILITIES

The company is disputing a claim of EUR 350.000 from a creditor of the liquidated former UK entity. The company has provided a bank guarantee of the same amount as the claim. Final settlement will probably take place ending 2013.

NOTE 11 - CONTINGENT ASSETS

The company is pursuing a claim on the 2009 Alpha Ventus project for unpaid remedial costs. The company is expecting a positive outcome.

The company has initiated court actions against a former insurance broker for wrong advice/incorrect premiums, expecting settlement before ending 2013.

Oceanteam Shipping ASA has initiated a Court Case in Bergen for injunction and damages against Sawicon naval architect for infringement on OTS rights on original North Ocean Series vessel design under the Marketing Practices Act section 28. Main case has commenced in April 2013. Oceanteam Shipping ASA has received the judgement in part one of the case against naval architect Sawicon AS concerning rights connected to the North Ocean 100-series, where the court has found in favour of Sawicon. The judgement only decides upon some of the claims that were brought forward by the parties. Important parts of the case have not yet been decided upon.

Oceanteam Shipping ASA has appealed the verdict based on a thorough analyzes of the case together with its external advisors.

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

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). The first of the standard design North Ocean 100 series is jointly owned by Oceanteam Shipping and Bourbon Offshore Norway. The ship is 122,5 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 and will be utilised world wide for cable and umbilical installation works.

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 250tonnes 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 five years charter contract at delivery.

FSV MANTARRAYA / 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.



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