

Q4



INTERIM REPORT 4<sup>TH</sup> QUARTER 2015



**OCEANTEAM**



# Content

- 3** Foreword by the CEO
- 4** Highlights for the quarter
- 5** Key figures
- 6** How we operate
- 11** Market outlook
- 13** Risk management
- 15** Financial statements
- 36** Oceanteam assets

## Oceanteam ASA - Q4 2015 interim report

Issue date 18<sup>th</sup> February 2016

# Oceanteam's steady course

Despite a difficult and volatile period in the oil and gas market, Oceanteam has worked in a disciplined manner to build a solid foundation to lower the Company's market risk exposure and exploit the economic benefits of other areas in the value chain. As a final step of the successful implementation of the Company's diversification strategy, Oceanteam underwent a name change to reflect the Company's growth in solution driven services. The Company's previous name "Oceanteam Shipping ASA" has now been replaced by "Oceanteam ASA", aligning the strategy and operational expertise with our external appearance. This also reflects the Company's core activities and vision. The name change underpins the Company's role as a global and unique one-stop-shop and its broader commitment to its stakeholders.

We believe that now, more than ever, it is crucial to explore the market segments in the value chain that have proven economically feasible and where we can apply a bundle of high-end services to provide innovative solutions for both new and existing clients, helping them to reduce their costs and risk exposure. Oceanteam is today one of the few companies in the world that combine both high-end engineering know-how, shipping expertise and equipment capabilities in a single service. This integration of different services throughout the group in combination with the Company's offshore shipping assets, proved to be a key operational, financial and strategic strength in 2015, and we believe these attributes will be even more valuable in the years ahead.

Key players and competitors in the offshore industry are suffering from lay-offs and cancellations, and we have the utmost respect for the forces that are defining today's markets. To be able to face the challenges, companies need a continuous focus on costs and strict capital discipline to maintain the right level of financial flexibility. One of the measures we have taken at Oceanteam is "The Next Step" project, which reduced operational costs considerably and made Oceanteam a far more effective and cost-efficient group.

With a fully operational CSV and FSV fleet, Oceanteam's offshore shipping segment continues to contribute a steady cash flow. Thanks to this and the increased contract backlog in Oceanteam Solutions, the Company was once again able to maintain EBITDA at a consistently high level, despite the fact that we also experiences headwinds in certain segments. However, the Offshore Renewables market is stronger than ever and provides good alternative opportunities. A high-end fleet and strong performance in the engineering and equipment service segment give Oceanteam the prerequisites to operate successfully in this rough market environment, and we are now positioned to take advantage of opportunities in some of the more positive segments, such as offshore renewables and special structures that grow while remaining on track.



On behalf of the Board of Directors

Haico Halbesma  
Chief Executive Officer

### Highlights for the quarter

- Revenue from operations USD 12.4 million
- EBITDA from operations USD 6.8 million
- Operating profit of USD 2.2 million
- Net finance negative USD 2.8 million
- General & administration costs further reduced. Costs down by more than 30% in 2015 compared to 2014.



As a result of the successful implementation of the Company's diversification strategy, Oceanteam Shipping ASA changed its name to Oceanteam ASA, reflecting the Company's growth in solution-driven services.



Our marine assets division RentOcean will now operate under the name Oceanteam Solutions. This division combines high-end engineering know-how and equipment capabilities in a single service for our clients.



The construction of a large offshore construction support vessel, the Tampamachoco I, for DOT Shipping is progressing as planned, and one major step is already complete: the keel has been laid.



Oceanteam Cable Solutions successfully performed a cable loadout at the Velsen Noord base. The cable loadout is part of a long-term contract under which Oceanteam Cable Solutions supplies the client with port facilities, offloading and cable storage.



Oceanteam Solutions won a contract for the supply of a 2500t onshore turntable, accompanying equipment and cable crew for a storage and cable loadout project in Belgium.



KCI design engineering has been awarded various contracts and maintains its backlog of projects in oil and gas, Offshore Renewables and Innovative Equipment & Structure, both offshore and onshore.



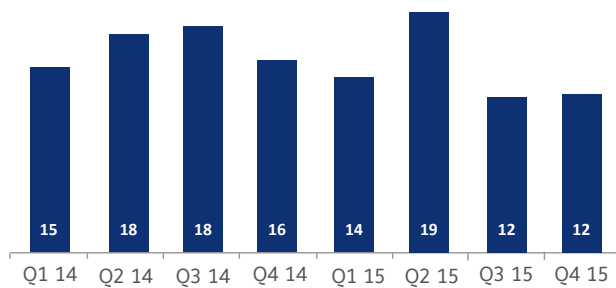
Oceanteam Shipping's CSV and FSV fleet is fully operational and most of the vessels have contract coverage until early 2017 and beyond.

### Subsequent events

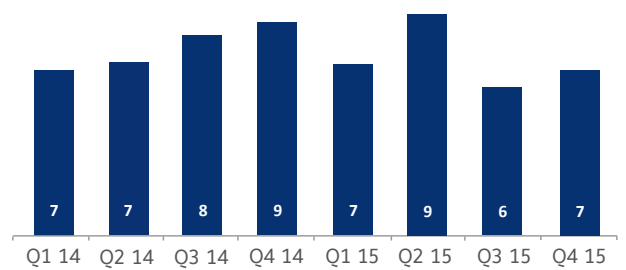
- CSV Bourbon Oceanteam 101 expected to be released early from Angola contract in May 2016. Under the terms of the charter contract, the owner of the vessel will be reimbursed for the costs incurred and associated with the early release and demobilisation of the vessel.
- Oceanteam started its next EUR 1 million utilization for its EUR 15 million growth facility.
- Awarded contract for major cable transport and storage project to be executed in 2016.
- Extended contracts for FSVs in Venezuela by six months with two optional one-year extensions.
- Settled IP infringement case.
- DOT Radiance Ltd, a company jointly owned by DOT Holding and Pacific Radiance, secured post-delivery financing from DBS Bank of Singapore.

## Key figures for the group

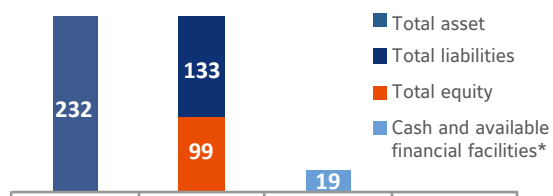
**Revenue**  
12 mill.  
USD in million



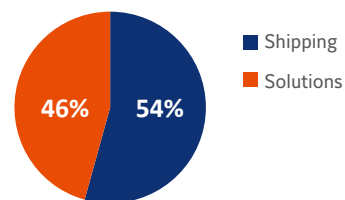
**Ebitda**  
7 mill.  
USD in million



**Asset overview**  
Balance  
USD in million



**Segment Revenue**  
Revenue split 2015  
USD in million



USD	Q4 2015	Q4 2014	2015	2014
Revenue	12,4	15,8	57,1	66,9
Operating cost	2,5	3,0	14,7	15,2
General & administration	3,0	4,2	14,2	21,3
EBITDA	6,8	8,6	28,2	30,3
EBITDA percentage	55%	54%	49%	45%

\*4.7 million in cash and 14.1 million in financial overdraft and revolver facilities

## Who we are

Oceanteam Shipping builds, owns, charters and manages deep-water offshore support vessels and fast support vessels. Oceanteam Solutions provides its clients with complete offshore solutions to support their projects and reduce operational risks and costs.

Oceanteam Solutions' proportion of the Company's earnings increased significantly in 2014 and 2015. It is now a key contributor to the Company's future growth together with the stable long-term focus of the shipping business.

## Corporate structure

### Oceanteam Shipping

#### North Ocean fleet

Owns and manages three high-end large Deepwater Offshore Construction Service Vessels (CSV's), and two Fast Support Vessels (FSV's), all on long-term contracts with solid counterparties. The 2014 financial accounts included CSV North Ocean 102, which was sold to McDermott in 2015.

#### DOT Shipping

DOT Shipping is currently operating two fast support vessels (FSV's) and has a large Offshore Construction Service Vessel (CSV) named Tampamachoco I under construction, for the fast developing Mexican offshore market.

### Oceanteam Solutions

#### RentOcean

Builds and owns a large pool of demountable turntables of various sizes, plus additional equipment for a variety of cables, umbilicals, pipes or flow lines. These assets and solutions support clients' offshore cable, pipeline and umbilical installations and their transportation and storage projects worldwide.

#### KCI The Engineers

This team of over 100 engineers designs complete platform infrastructures for the oil and gas sector and the renewables industry, plus innovative equipment, all based on 28 years of in-house experience and expertise.

#### DOT

Provides vertically integrated high-end vessel solutions and marine asset services.

## Our global reach

Oceanteam has offices in Amsterdam, Velsen and Schiedam in the Netherlands, in Monaco and in Mexico. The corporate headquarter is in Bergen, Norway. The Company has enhanced its organisational capabilities through its TNS investment, has a scalable business model with efficient cost structure and is well positioned in growth areas including the Gulf of Mexico, Latin America, West Africa, Asia-Pacific and the North Sea.

## Our partners

Oceanteam has always focused on establishing (local) partnerships and strategic alliances for continuity in the growth of assets and services. The Company has teamed up with strong partners with proven track records in their respective markets. These include:

### Bourbon Offshore

Among the market leaders in marine services for offshore oil and gas, Bourbon offers the most demanding oil and gas companies a wide range of marine services for offshore oil and gas fields and wind farms. Together Bourbon and Oceanteam manage the CSV's Bourbon Oceanteam 101 and the Southern Ocean.

### Diavaz

Diavaz has positioned itself as one of the most experienced companies in Mexico in the oil and gas market and has developed a sound knowledge of the energy sector. The company is active in the marine operations, gas and exploration and production. Oceanteam and Diavaz joined forces to found DOT Shipping. The company focuses on providing high-end vessel solutions for the Mexican market and successfully delivered two FSV new-builds at year-end 2014.

### McDermott

McDermott is a leading provider of integrated engineering, procurement, construction and installation (EPCI) services for upstream field developments worldwide. Their locally focused and globally integrated resources include approximately 11,700 employees, a diversified fleet of specialty marine construction vessels, fabrication facilities and engineering offices. McDermott and Oceanteam together manage the LV North Ocean 105.

### Pacific Radiance Group

The Pacific Radiance Group of Companies is an established owner and operator of offshore vessels and a provider of subsea services, shipyard services, marine equipment as well as project logistics to the global oil and gas industry. Through this partnership Oceanteam / DOT Shipping have a large new build Offshore Support Vessel under construction, CSV Tampamachoco I, which is expected to be delivered by the end of 2016.

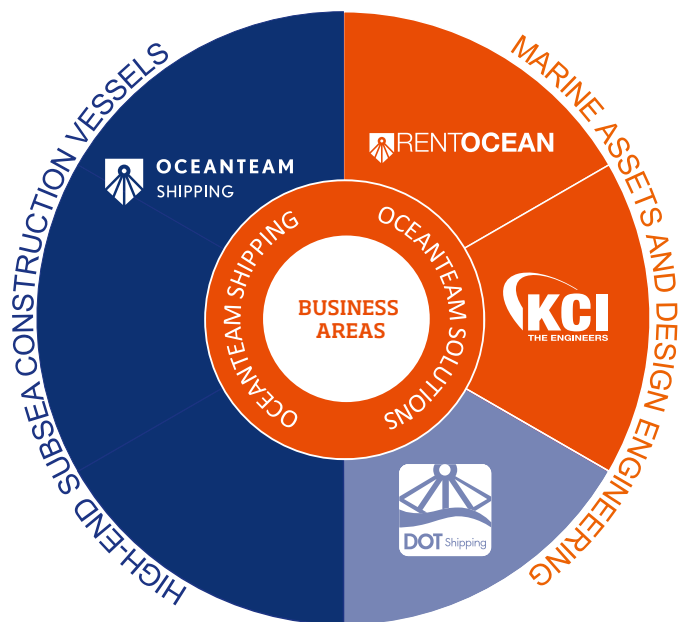
## How we create value

Oceanteam's mission is creating value through:

- Combining engineering know-how and a pool of special purpose equipment with our fleet to operate in different markets and geographical areas.
- Providing complex offshore support by building and operating a fleet of large and advanced offshore vessels.
- Providing solution driven services by combining our engineering and equipment capabilities into a single service to support our clients' offshore cable, pipeline and umbilical installations, transportation and storage projects.
- Establishing strong (local) partnerships and strategic alliances for continuity in the growth of assets and services.

Our ambition is to be a preferred partner in offshore solutions for economically and technically challenging projects in the oil and gas and offshore renewables markets.

**Business areas**



**Operations North Ocean fleet**

CSV Bourbon Oceanteam 101 has been on a time charter in Angola since its delivery in 2007. The current contract started on 1 February 2012 for a three-year firm time charter with two one-year options for extension. The client exercised both one year options in the third quarter of 2014, extending the charter to February 2017. The vessel is expected to be released early from Angola contract in May 2016. The client has to honour the original contract up to February 2017.

CSV Southern Ocean has been on a contract since its delivery in October 2010, operating in Australia and the Far East. The vessel is on a bareboat charter until the end of 2018 with an additional two one-year options for extension.

Lay Vessel North Ocean 105 was delivered in 2012 and has since been on a five year contract with McDermott International and operates globally as a pipe layer. In 2015 the vessel was fully utilized, mainly operating in the Far East. From March 2015 its original time charter contract was converted into a bareboat agreement.

Oceanteam operates two fast support vessels (FSVs), Tiburon and Mantarraya, the contracts for which have been extended to mid-2016 with a two options for one-year extensions.

Oceanteam Shipping acquired two new FSVs with guaranteed buy-back options from the builder. We expect the vessels to be operational in the first half of 2016.



### DOT Shipping

In March 2014 Oceanteam took a 40 percent stake in the newly founded joint venture DOT Shipping together with Grupo Diavaz. DOT Shipping successfully delivered two FSV new builds in Q4 2014 that immediately began operating in Mexico. Both vessels are fully financed and have been operational in the fast developing Mexican market since March 2015, where they both have commenced a seven year firm time charter contract with three one year options for extension.

DOT Shipping has a 50 percent stake in a new large build construction support vessel which is currently under construction and is expected to be delivered at the end of 2016. This vessel is owned through a joint venture owned by DOT Shipping and Pacific Radiance out of Singapore. The vessel has already secured a long term charter and is fully financed for delivery. The new-build construction process is progressing as planned.

### KCI The Engineers

In February 2014, Oceanteam gained 100 percent strategic ownership of the design engineering firm KCI. In line with Oceanteam's strategy and strong focus on growth going forward, Oceanteam initiated a company programme named "The Next Step" in October 2014. KCI was the first company in the group to undergo the changes set out in "The Next Step" programme. The programme is designed to enhance KCI's project management capabilities and to accommodate future growth and profitability. The programme is being rolled out across the whole group with the aim of setting the same high standards of project management and cost control, improving the level of service and quality delivered to our clients.

Newly awarded projects:

- Tender assistance and feed studies for sub stations and WTG foundations for several offshore wind projects for multiple new clients in addition to assistance provided for existing clients.
- Additional engineering scope for a large observation wheel in the Middle East.
- Concept design and prototyping of an alternative propeller with a much higher efficiency.
- Performing mooring analyses for an offshore construction vessel.
- Design of a new series of turntables and reels.
- Decommissioning study for the removal of several assets in the southern part of the North Sea.

### Double slip joint concept design ready - working towards a full scale prototype

In the first half of 2015, KCI introduced its newly-developed intelligent property, KCI's double slip joint (DSJ). The research & development is a result of efforts from an international research team in cooperation with Delft University of Technology. The DSJ is an evolution of monopile - transition piece connections which could prove very attractive to the offshore wind industry. The technology will reduce installation time by 30 percent, resulting in a sharp decrease in installation costs for our clients. The concept also enhances safety, as there are fewer offshore manual handling activities during installation and no maintenance is required in the monopile connection.

## Operational projects during the quarter:

- Concept development and basic design of a deck-layout for a cable laying vessel
- Basic design of foundation jackets for a power substation for Offshore Wind
- Process upgrade of offshore topside oil and gas production platform
- Educator skid design, engineering, procurement and manufacturing support
- Riser and J-tube detailed design of a platform in the North Sea
- Several brown field maintenance studies
- Basic and detailed design of foundation jackets for power substation
- Detailed design of topside for power substation
- Concept, basic and detail design of a major innovative landmark project in the Middle East
- Feasibility and appraisal studies
- Design of foundation for a 4000T modular turntable
- Onshore gas field development for three well sites
- Data migration of all vendor data for one of our clients in the oil and gas market
- Secondary steel design for a gravity base WTG foundation
- Engineering support for aluminium helidecks
- Field Development study for a Dutch oil and gas operator
- Brownfield engineering services for a Dutch operator (onshore)
- Basic design for a new pipeline with tie-in for a Dutch operator in the North Sea

## Oceanteam Solutions

### New awarded projects:

- Oceanteam Cable Solutions successfully performed a cable loadout at Velsen Noord base. The cable loadout is part of a long-term contract under which Oceanteam Cable Solutions supplies the client with port facilities, offloading and cable storage.
- Contract award for supply of a 2500t onshore turntable, accompanying equipment and cable crew for a storage and cable loadout project in Belgium.
- Secured EUR 15 million revolving term loan facility in first half of 2015. The company has already made several drawdowns on this facility, using the proceeds for investments in new rental equipment and services aimed at growth of the business.
- Awarded a framework agreement contract for additional scope and equipment to be mobilised in early 2016.

### Operational projects during the quarter:

- Executing a strategic contract for the supply of a lay spread for a cable-laying project, together with a framework agreement for future equipment, transport and storage deliverables.
- Executing several small contracts for supplying tensioners and chutes for clients in the UK.
- Execution of a long-term cable storage and cable handling contract for key offshore wind operators.
- Spooling of cable with Powered Quadrant in the Middle East by our operators.

## Market outlook

The main change in the market outlook is a result of the turmoil in oil prices. The volatile environment for oil prices and market activity has created significant market challenges for our industry, but it is also creating opportunities. Given Oceanteam's expertise in combining engineering, shipping and equipment, the Company is ready to add more value for our clients.

## Backlog

To mitigate the market risk, the Company has secured a healthy order backlog for 2016 and well into 2017 for its CSV assets, totalling some USD 211 million. There is considerable uncertainty as to how long it will take before demand picks up and market conditions are expected to remain challenging for several years. However, the Company remains positive and believes that the long-term fundamentals of the relevant markets and regions in which it operates remain strong. The Company believes that its diversification strategy supports the utilisation for its assets and that it will be able to take full advantage of the next upturn in our cyclical markets. To meet the macro challenges, the Company emphasises its strong capital base and cost discipline, the strength of its balance sheet, its reduction of capital costs and the recent capital on call revolving loan, all of which will enable it to use its backlog to finance growth and working capital.

## Lean organisation and strong partners

The Company's view is that in the long-term, exploration and production activities are likely to increase and this in turn is likely to increase demand for large construction support vessels and services. The Company has a strong and lean organisation and a proven scalable business model with a seasoned management team on board to achieve its targets. The Company continued to trim its costs in the fourth quarter of 2015, completing a cost-cutting exercise before year-end and set aside provision for the related costs in 2015.

The Company has always focused on acquiring a strong long-term backlog, seeking full utilisation of its high-end deep-water assets, a proven strategy that gives long-term stable cash flow. The diversification of the Company's global business units and operating segments makes us more robust in an environment of falling oil prices. Geopolitical tension will accelerate or slow developments in certain regions develop, and the Company has therefore chosen to focus on stable regions and to team up with strong local partners with proven track records in their respective markets. Diversification of clients also helps the Company to increase its knowledge and to develop in different markets, spreading its operational risk.

## Firm position in offshore wind market

In Western Europe, several offshore wind parks have been sanctioned and are being realised on an increasing scale. The Company's continued belief is that demand for services related to the offshore renewable industry will increase in 2016 and beyond. This belief is also supported by increased leads and the continued building of future backlog. The Company remains in a strong position to meet the future demands and requirements of this market. Due to limited space and environmental laws, large wind farms are now being built further from shore. The projects are in deeper waters, are more complex and being built on a larger scale. With over 28 years of experience, KCI has the competence to meet the demands of this burgeoning industry. Oceanteam Solutions also has its deep water base in Velsen, the Netherlands, and supplies and rents to a broad client base around the world to support their offshore cable, pipeline and umbilical installations, transport and storage projects.

Oceanteam Solutions uses its current platform to focus on combining the different disciplines and resources into cost-effective solutions that are creating new opportunities. All with the aim of reducing risks and improving the economics for our clients, in terms of both running costs and installation costs.

## Solution driven services

The exact timing of existing projects currently in the development stage remains uncertain, but overall the market is expected to grow, resulting in an increased demand for support vessels and associated services. The focus of the industry is on reducing installation and maintenance costs and using flexible solutions, which Oceanteam can provide with its solution driven services.

Oceanteam devotes significant resources to market research and intelligence. It adapts its strategy and risk profiles when the analysis deems this to be prudent. The Company aims to steer profitably through this challenging period and take full advantage of the next upturn in our cyclical markets.

## Secured projects

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

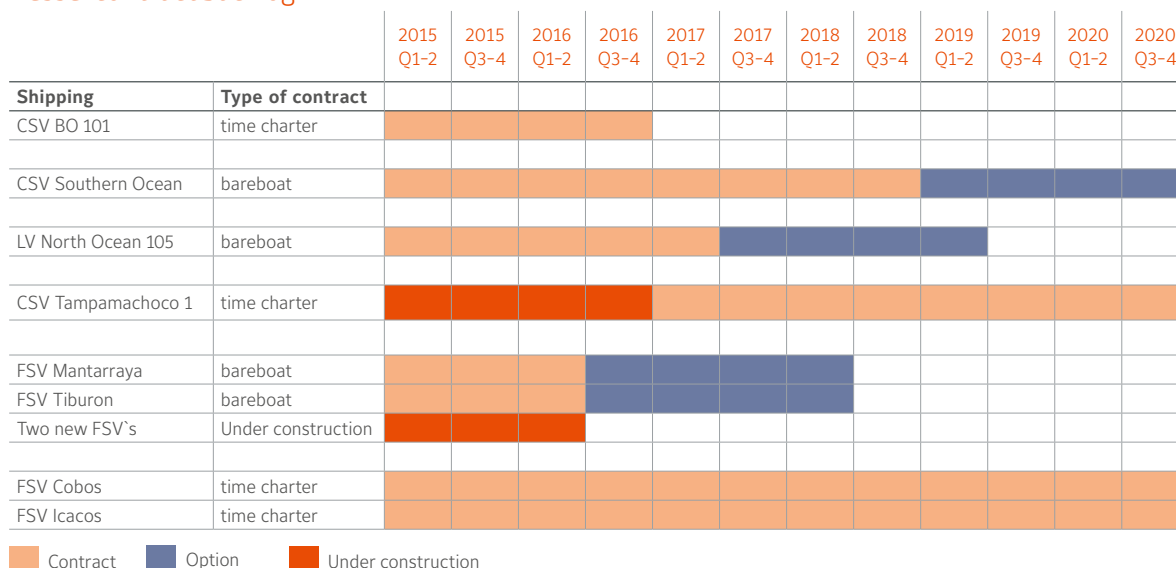
Oceanteam is confident and has to date secured sufficient projects in both the oil and gas market and the offshore renewable market to maintain a good level of utilization of its assets and engineers for the coming period.

## Milestone

An important milestone in 2015 was the execution of the operations of DOT Shipping, a joint venture with Grupo Diavaz in Mexico. In this captive market, the Company's goal is to provide the complete vertical supply chain through cutting edge engineering solutions and high-end quality vessels. Thanks to this joint venture, Oceanteam expects its operations to book significant growth in the years ahead.

In 2015, RentOcean/Oceanteam Solutions successfully finalized its first three oil and gas contracts for supplying services to South Korea, Qatar and Brazil. The Company continues to experience strong interest for its vessels and services from globally leading companies. The Company has the knowledge, skills and financial platform to grow.

## Vessel contract backlog



## Financing and company capital structure

The Company is exposed to financial risk in different areas. Financial risks include interest rate and currency fluctuations, investment and trading risks in general and borrowing and leverage risk.

The Lay Vessel North Ocean 105 was under the Spanish tax lease structure until 28 February 2015, after which no vessels remain under this structure.

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Approximately 52 percent of the revenue is in USD while the remaining 48 percent is in EUR. Since the reporting currency is in USD the foreign exposure is for liabilities in the EUR and its fluctuations with USD. The Company also has some costs in NOK and MXN which have been depreciating against the USD. Currency fluctuations may affect our business, but due to the company's strategy and management of its currency exposure, the effect is limited.

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 hedged in EUR. Long-term post construction finance 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 rate is fixed. This protects the Company from volatile interest rate fluctuations. For the new-build, CSV Tampamachoco 1, it has not yet been decided when to secure the interest rate due to volatile market conditions. Post-delivery financing has been secured for the vessel, which we estimate will be delivered at year-end 2016. The owners of the vessel are financing variation orders, spare parts and building management.

The USD bond loan has a floating quarterly LIBOR. In view of the current maturity schedule and the forward interest curves, the Company believes risk levels are satisfactory. The Company's goal is to minimise financial risk. The re-financing risk has increased in the market due to macro challenges. The Company is increasing its earnings units: leveraging its high-end assets and working with different capital sources to meet its obligations to repay its bond in October 2017. Given our stable performance and the growth in our Solutions segment, the Company is on track to improve its financial metrics and reduce its re-financing risks.

The Company's current strategy includes the use of interest swap agreements as financial instruments for the loans in CSV Bourbon Oceanteam 101 and Southern Ocean. Otherwise, the strategy is largely based on natural hedging. Natural hedging is basically having revenue and cost in the same currency for each project. However, management and the Board of Directors constantly assess this situation. The equity ratio stands at 43% of our total assets of USD 234 million.

## Liquidity risk

At the end of the year the Company's working capital and liquidity position was low, due to the repayment of USD 35 million in bond debt, pre-mobilisation costs due to new projects and additional costs on the back of the bankruptcy of our client, Ceona, plus legal and demobilisation costs. The Company secured a working capital facility of USD 3 million and EUR 1.5 million in 2015, in addition to its EUR 15 million facility, which we started to utilise in the fourth quarter and going forward.

The parent company depends on liquidity flows from subsidiaries and the joint venture companies that are owned with its joint venture partners. Due to macro challenges in our industry, our clients and our suppliers are being affected by the slower liquidity flow in the market. The Company aims to increase the dividend flow going forward through increased profitability from its business areas.

All outstanding trade receivables for the shipping segment due in the fourth quarter of 2015 had been received as per the reporting date. For the solutions segment, we currently have USD 3.2 million in outstanding receivables per the end of the quarter, USD 1.3 million of which had already been received to on the reporting date.

### Investments and yard risk

DOT Shipping has one large Construction Support Vessel under construction, which is due for delivery at year-end 2016. The second installment for this new-build was completed during the first quarter of 2015 and the construction progress is on schedule, with delivery due at year-end 2016. Among the most critical risk factors related to vessel construction is the risk of not receiving the vessel on time, on budget and with the agreed specifications. In addition, there is the risk that the yard will experience financial or operational difficulties, which may affect the construction process. However, this is Oceanteam's sixth building project for deep-water high-end CSV vessels and the Company has now built up significant in-house experience and engineering capabilities.

Oceanteam Solutions is in the process of expanding its equipment pool, by adding new turntables, loading towers, reels and associated services.

In the fourth quarter, Oceanteam Solutions started utilising its EUR 15 million revolver facility to finance its planned growth. Oceanteam Solutions has also made payment on milestones for new equipment needed to secure new contracts.

### Tax losses

The Company has a booked deferred tax asset of USD 5.3 million on its balance sheet, which the Company is utilising through increased profits and securing new contracts in the Netherlands. In addition, the company has additional tax assets of US 17 million from foreign activities to utilise.

In addition to the foreign tax losses, the Company has received confirmation from the Norwegian tax authorities of a deferred tax loss of NOK 1.3 billion. This deferred tax asset is from the Norwegian entities that are not yet on the balance sheet. The tax losses arise from losses in 2008 and 2009, and since then the Company has continued to be profitable.

### Events after the balance sheet date

- CSV Bourbon Oceanteam 101 is expected to be released early from Angola contract in May 2016. Under the terms of the charter contract, the owner will be reimbursed the costs incurred and associated with an earlier release and demobilisation of the vessel.
- Oceanteam started its next EUR 1 million utilisation of its EUR 15 million growth facility.
- Awarded contract for major cable transport and storage project to be executed in 2016.
- Extended contracts for FSVs in Venezuela by six months, with two options for one-year extensions.
- Settled IP infringement case.
- DOT Radiance Ltd, a company jointly owned by DOT Holding and Pacific Radiance, secured post-delivery Financing from DBS Bank of Singapore.

### Going concern

The consolidated financial statements of Oceanteam have been prepared in accordance with International Financial Reporting Standards (IFRS), while the financial statements of parent company Oceanteam ASA have been prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). For further information on the Company, please see the 2014 Annual Report, which is available on the Company's website [www.oceanteam.no](http://www.oceanteam.no)

## Condensed consolidated statement of comprehensive income

### GROUP Figures in USD '000

	Notes	Unaudited Q4 2015	Unaudited Q4 2014	Unaudited 2015	Audited 2014
Revenue		10 109	13 785	49 548	55 704
Gain on disposal of assets					966
Net income from associates/ joint ventures	2,9	2 250	2 051	7 552	10 208
<b>Total operating revenues</b>	4	<b>12 358</b>	<b>15 836</b>	<b>57 100</b>	<b>66 878</b>
Operating costs		(2 537)	(3 046)	(14 676)	(15 210)
General & administration		(2 941)	(4 211)	(14 185)	(21 307)
Depreciation	2,3	(3 076)	(2 731)	(11 104)	(10 208)
Write off		(1 556)	(233)	(1 914)	(327)
<b>Total operating expenses</b>		<b>(10 110)</b>	<b>(10 221)</b>	<b>(41 879)</b>	<b>(47 051)</b>
<b>Operating profit (loss)</b>		<b>2 248</b>	<b>5 615</b>	<b>15 221</b>	<b>19 827</b>
Financial income		34	10	236	40
Financial costs	5	(2 827)	(4 052)	(12 707)	(15 715)
Foreign exchange results (loss)		4	(523)	217	(402)
<b>Net finance</b>		<b>(2 789)</b>	<b>(4 564)</b>	<b>(12 254)</b>	<b>(16 077)</b>
<b>Ordinary profit (loss) before taxes</b>		<b>(541)</b>	<b>1 051</b>	<b>2 967</b>	<b>3 750</b>
Tax expense	6	(713)	(818)	(751)	(620)
<b>Net result before increase (decrease) of carrying amount from revaluation of vessels</b>		<b>(1 253)</b>	<b>233</b>	<b>2 216</b>	<b>3 130</b>
Increase (decrease) of carrying amount from revaluation of vessels	2	(1 629)		(15 282)	(9 408)
<b>Net result after increase (decrease) of carrying amount from revaluation of assets.</b>	2	<b>(2 882)</b>	<b>233</b>	<b>(13 066)</b>	<b>(6 278)</b>

**GROUP Figures in USD '000****Condensed consolidated statement  
of comprehensive income**

	Q4 2015	Q4 2014	2015	2014
Total net result	(2 882)	233	(13 066)	(6 278)
<b>Items that will never be reclassified to profit or loss</b>				
Other comprehensive income				595
Changes in revaluation model	2 (1 920)	(28 649)	(11 415)	(9 336)
<b>Items that will never be reclassified to profit or loss</b>	<b>(1 920)</b>	<b>(28 649)</b>	<b>(11 415)</b>	<b>(8 741)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences		8		640
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>8</b>		<b>640</b>
<b>Other comprehensive income, net of tax</b>	<b>(1 920)</b>	<b>(28 641)</b>	<b>(11 415)</b>	<b>(8 101)</b>
<b>Total comprehensive income for the year</b>	<b>(4 802)</b>	<b>22 707</b>	<b>(24 481)</b>	<b>(14 379)</b>
<b>Profit (loss) attributable to:</b>				
Owners of the Company	(2 890)	(1 232)	(10 562)	(6 771)
Non-controlling interests	8	1 465	(2 504)	493
<b>Profit (loss)</b>	<b>(2 882)</b>	<b>233</b>	<b>(13 066)</b>	<b>(6 278)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(4 810)	(29 873)	(21 977)	(14 872)
Non-controlling interests	8	1 465	(2 504)	493
<b>Total comprehensive income for the year</b>	<b>(4 802)</b>	<b>(28 408)</b>	<b>(24 481)</b>	<b>(14 379)</b>
<b>Earnings per share (in USD)</b>				
Basic earnings per share (in USD)	(0,10)	0,01	(0,44)	(0,21)



## Condensed consolidated financial statement of financial position

### GROUP Figures in USD '000

	Notes	Unaudited 31.12.2015	Audited 31.12.2014
<b>Assets</b>			
Deferred tax assets	6	5 250	6 000
Intangible assets		1 794	1 757
Goodwill		12 987	12 987
<b>Intangible assets</b>	3	<b>20 031</b>	<b>20 744</b>
Investment in associates and joint ventures	2, 9	34 858	42 882
Vessels and equipment	2	156 275	183 126
<b>Tangible assets</b>	2, 9	<b>191 133</b>	<b>226 009</b>
<b>Total non-current assets</b>		<b>211 163</b>	<b>246 753</b>
Trade receivables		5 782	8 871
Other receivables		10 345	9 464
<b>Receivables</b>		<b>16 127</b>	<b>18 335</b>
<b>Cash and cash equivalents</b>		<b>4 733</b>	<b>44 547</b>
<b>Total current assets</b>		<b>20 861</b>	<b>62 882</b>
<b>Total assets</b>		<b>232 024</b>	<b>309 636</b>
<b>Equity and liabilities</b>			
Share capital		2 595	2 595
Treasury shares		(257)	(257)
Share premium		1 304	1 304
Reserves		49 151	51 539
Revaluation reserve	2	8 087	27 079
<b>Equity attributable to owners of the Company</b>		<b>60 882</b>	<b>82 261</b>
Non-controlling interests		50 326	57 658
Revaluation reserve		(12 281)	(4 704)
<b>Total non-controlling interests</b>		<b>38 045</b>	<b>52 954</b>
<b>Total equity</b>		<b>98 927</b>	<b>135 215</b>
Loans and borrowings		101 038	110 764
<b>Total non-current liabilities</b>	5	<b>101 083</b>	<b>110 764</b>
First year installments	5	13 640	43 100
Trade payables		4 880	5 893
Tax payable		(87)	139
Public charges		770	125
Other current liabilities		12 856	14 400
<b>Total current liabilities</b>		<b>32 059</b>	<b>63 657</b>
<b>Total liabilities</b>		<b>133 097</b>	<b>174 421</b>
<b>Total equity and liabilities</b>		<b>232 024</b>	<b>309 636</b>

## Condensed consolidated statement of changes in equity

GROUP Figures in USD '000

	Notes	Unaudited 2015	Audited 2014*
<b>Equity at period opening balance (Number of shares: 29,593,259)</b>		<b>135 215</b>	<b>104 877</b>
Profit after taxes majority		(10 752)	(6 771)
Profit after taxes minority		(2 821)	493
Revaluation of assets		(11 415)	(9 336)
Tax on revaluation reserve			595
Translation differences		(69)	640
Adjustments prior period		501	(486)
<b>Transactions with owners of the Company, recognised directly to equity</b>			
Changes in non-controlling interests		(12 404)	49 504
Investments		38	(4 300)
<b>Equity at period end (Number of shares: 29,593,259)</b>		<b>98 927</b>	<b>135 215</b>

	Share capital	Treasury shares	Share premium	Trans- lation reserve	Other equity	Total other equity	Re- valuation reserve	Non controlling interests	Total equity
<b>Equity at 31 December 2014</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(1 563)</b>	<b>53 102</b>	<b>51 539</b>	<b>27 079</b>	<b>52 954</b>	<b>135 215</b>
Profit and loss					(2 858)	(2 858)	(7 577)	(2 504)	(12 939)
Coverage of previous losses									
<b>Other comprehensive income</b>									
Changes in revaluation model							(11 415)		(11 415)
Tax on revaluation reserve									
Translation differences				(69)		(69)			(69)
<b>Total comprehensive income</b>				<b>(69)</b>	<b>(2 858)</b>	<b>(2 927)</b>	<b>(18 992)</b>	<b>(2 504)</b>	<b>(24 423)</b>
<b>Contributions by and distributions to owners</b>									
Change in non controlling interests								(7 154)	(7 154)
Dividends to non-controlling interests								(5 250)	(5 250)
Investments/Revaluation					38	38			38
Adjustments prior period					501	501			501
Issue of ordinary shares									
Change in treasury shares									
<b>Equity per 31 December 2015</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(1 632)</b>	<b>50 783</b>	<b>49 151</b>	<b>8 087</b>	<b>38 045</b>	<b>98 927</b>

\* Adjustment of 634 645 done relating to previous years. Ingoing balance for 2015 reduced with 634 645 USD for both equity and tangible assets.

## GROUP Figures in USD '000

	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
<b>Equity at 1 January 2014</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(2 203)</b>	<b>2 220</b>	<b>17</b>	<b>97 944</b>	<b>3 274</b>	<b>104 877</b>
Profit and loss					(2 067)	(2 067)	(4 704)	493	(6 278)
Coverage of previous losses									
<b>Other comprehensive income</b>									
Changes in revaluation model							(9 336)		(9 336)
Tax on revaluation reserve							595		595
Translation differences				640		640			640
<b>Total comprehensive income</b>				<b>640</b>	<b>(2 067)</b>	<b>(1 427)</b>	<b>(13 445)</b>	<b>493</b>	<b>(14 379)</b>
<b>Contributions by and distributions to owners</b>									
Change in non controlling interests								51 893	51 893
Dividends to non-controlling interests								(2 389)	(2 389)
Investments/Revaluation					(4 300)	(4 300)			(4 300)
Adjustments prior period					(171)	(171)		(317)	(489)
Issue of ordinary shares									
Business combinations					57 420	57 420	(57 420)		
<b>Equity per 31 December 2014</b>	<b>2 595</b>	<b>(257)</b>	<b>1 304</b>	<b>(1 563)</b>	<b>53 102</b>	<b>51 539</b>	<b>27 079</b>	<b>52 954</b>	<b>135 215</b>



Oceanteam Solutions successfully performed cable loadout at Velsen Noord base

## Condensed consolidated statement of cash flow

### GROUP Figures in USD '000

	Notes	Unaudited 2015	2014
<b>Net result after increase (decrease) of carrying amount from revaluation of assets.</b>		<b>(13 574)</b>	<b>3 073</b>
Decrease of carrying amount from revaluation of vessels		15 916	
Tax		751	591
<b>Ordinary profit (loss) before taxes</b>		<b>3 094</b>	<b>3 665</b>
Depreciation and amortization of tangible assets	2	10 977	10 208
Tax paid		(227)	50
Write off assets		1 556	327
Net income of associates		(4 682)	4 991
Change in trade receivables		3 089	(4 728)
Change in other receivables		4 619	12 057
Change in trade payables		(1 013)	515
Change in other accruals		(3 769)	578
Interest expense without cash effect		1 650	1 147
Others		1 453	
<b>Net cash flow from operating activities</b>		<b>16 746</b>	<b>28 809</b>
Cash out due to investments	2,3	(5 845)	(10 875)
Cash in due to disposals		1 948	
Cash in due to disinvestments		600	1 579
Cash in due to sale of shares			21 330
<b>Net cash flow from investing activities</b>		<b>(3 297)</b>	<b>12 034</b>
Issuing of new debt		5 540	
Repayment of debt		(46 117)	(9 642)
Dividend paid out to non-controlling interests		(12 404)	(3 101)
<b>Net cash flow from financing activities</b>	5	<b>(52 981)</b>	<b>(12 743)</b>
Effect of changes to exchange rates on cash and cash equivalents		(282)	779
<b>Net change in cash and equivalents</b>		<b>(39 813)</b>	<b>28 879</b>
<b>Cash and equivalents at start of period*</b>		<b>44 547</b>	<b>15 667</b>
<b>Cash and equivalents at end of period**</b>		<b>4 734</b>	<b>44 547</b>

\* restricted cash is USD 0.5 million

\*\* In addition to the cash and cash equivalent per 31 December 2015, the Group holds treasury shares of approximately USD 1.3 million in current market value. To support the equipment growth the Group has a EUR 15 million revolver loan where 0.9 million was drawn per balance sheet day.

## Selected explanatory notes

The Company is comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Shipping owns, charters and manages deep-water offshore support vessels and fast support vessels. Oceanteam Solutions' focus is to provide its client with complete offshore solutions.

With the in-house engineering experience and expertise we ensure that our clients find the most effective vessel solution for their projects. We can provide integrated services and a pro-active assistance, both operational and technical, in every aspect of the project we manage in the value chain.

Oceanteam has offices in Amsterdam, Velsen and Schiedam in the Netherlands, in Monaco and in Ciudad del Carmen in Mexico. The corporate headquarter is in Bergen, Norway.

The Company is listed at the Oslo Stock Exchange and is traded under the ticker code "OTS".

### Note 1 - Financial statements

The condensed set of Financial Statements for Q4 2015 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 2014, unless otherwise stated.

There has not been applied new standards in 2015.

#### Market Outlook

The main change in the market outlook is a result of the turmoil in the oil price. The volatile environment for oil prices and activity has created significant market challenges for our industry, but also opportunities. With the company's expertise in combining the engineering, shipping and equipment, the Company is ready to add more value for our clients.

To mitigate the market risk, the Company has secured good backlog for 2016 and well into 2017 for its CSV assets. There is considerable uncertainty as to how long it will take before demand pick up and market conditions are expected to remain challenging for several years. The Company is still positive and believes that the long-term fundamentals of the relevant markets and regions it operates in remain strong and that its diversification strategy supports utilization for its assets and ride the next upturn in our cyclical markets. To meet the macro challenges the Company emphasizes its strong capital and cost discipline, the strength of its balance sheet, reduction of capital costs and the recent "capital on call" revolver loan to grow its business against backlog and to finance its working capital assets.

#### Fair Market Value developments in volatile markets

There is a relative lack of liquidity in the Sale and Purchase market for offshore units and information on comparable Sale and Purchase transaction and market demand has, where available, been very limited or not available. In addition the recent oil price change has made the assesment of values more uncertain.

## Note 2 - Tangible assets

### GROUP Figures in USD '000

#### Investments in joint ventures and associates

	Investment in Oceanteam Bourbon 101 AS	Partici- pation in LV 105	DOT Shipping GROUP	Investment in Oceanteam Bourbon Spares & Equipment AS	Total
Carrying amount of investment per 31 Dec 2014	26 828	13 043	2 949	63	42 882
Change in investments	(5 500)	(600)	2 648		(3 452)
Net result from investment Cum Q4 2015	5 225	2 271	135	(79)	7 552
Change in net revaluation Cum Q4 2015	(10 981)	(1 143)			(12 124)
<b>Total carrying amount 31 December 2015</b>	<b>15 571</b>	<b>13 571</b>	<b>5 731</b>	<b>(16)</b>	<b>34 858</b>

#### Vessels and Equipment

	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 December 2014	175 239	45 598	220 837
Additions		2 738	2 738
Disposals	(2 514)		(2 514)
<b>Historical Cost 31 December 2015</b>	<b>172 725</b>	<b>48 336</b>	<b>221 061</b>
Accumulated impairments 31 December 2014	(7 965)	(11 930)	(19 895)
Depreciation	(2 989)	(2 338)	(5 328)
Disposals depreciation	(2 425)	(1 114)	(3 539)
<b>Accumulated depreciation 31 December 2015</b>	<b>(13 379)</b>	<b>(15 382)</b>	<b>(28 761)</b>
Accumulated impairments 31 December 2014		(8 553)	(8 553)
Impairments/Reversals			
<b>Accumulated impairments 31 December 2015</b>		<b>(8 553)</b>	<b>(8 553)</b>
<b>Carrying amount 31 December 2015 if CSV's were stated at historical cost</b>	<b>159 346</b>	<b>24 401</b>	<b>183 747</b>
Revaluation per 31 December 2015	(27 472)		(27 472)
	<b>131 873</b>	<b>24 401</b>	<b>156 275</b>
Depreciation rates	5-25 years	3-15 years	
Depreciation method	linear	linear	

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

## GROUP Figures in USD '000

## Revaluation reserves

	Revaluation for Bourbon Oceanteam 101	Revaluation for North Ocean 105	Revaluation for Southern Ocean	Revaluation Non controlling interests	Total
<b>Gross Revaluation reserve 31 December 2014</b>	<b>28 561</b>	<b>3 222</b>	<b>(4 704)</b>	<b>(4 704)</b>	<b>22 375</b>
Change in revaluation	(10 390)	(1 025)	(7 577)	(7 577)	(26 570)
Tax effect					
<b>Gross Revaluation reserve 31 December 2015</b>	<b>18 171</b>	<b>2 197</b>	<b>(12 281)</b>	<b>(12 281)</b>	<b>(4 194)</b>
Accumulated depreciation premium values 31 Dec 2014	(5 325)	(515)			(5 840)
Depreciation premium values	(591)	(118)	(1 455)	(1 455)	(3 619)
<b>Total depreciation premium values</b>	<b>(5 916)</b>	<b>(633)</b>	<b>(1 455)</b>	<b>(1 455)</b>	<b>(9 459)</b>
<b>Net revaluation reserve 31 December 2015</b>	<b>12 255</b>	<b>1 564</b>	<b>(13 736)</b>	<b>(13 736)</b>	<b>(13 653)</b>
<b>Accumulated depreciation 31.12.2015 over P&amp;L</b>					<b>9 459</b>
<b>Total Revaluation Reserve 31 December 2015</b>					<b>(4 194)</b>

## Fair value measurements

## Fair value measurement of vessels

A valuation of the group's vessels and the participation in LV 105 was performed by the Company to determine the fair value of the vessels and the interest in LV 105 as at 31 December 2015. All vessels are equity accounted except the Oceanteam Bourbon 4 AS which is 100 percent consolidated. The revaluation surplus net of applicable deferred income taxes were credited to other comprehensive income and is shown in 'Revaluation reserves' in shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

**GROUP Figures in USD '000**

Fair value measurements at 31 December 2014	Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>			USD 000'
Construction support vessels			131 873
Investment in associates			13 571
Investment in joint ventures			15 571
<b>Total carrying amount 31.12.2015</b>			<b>161 016</b>

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

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

	USD '000
Opening balance 31.12.2014	197 738
Transfers to/(from) Level 3	
Additions	7 496
Disposals	(8 614)
Depreciation	(6 608)
Gains and losses recognised in other comprehensive income	(26 570)
<b>Closing balance 31.12.2015</b>	<b>163 442</b>

**Valuation processes of the Group**

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

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

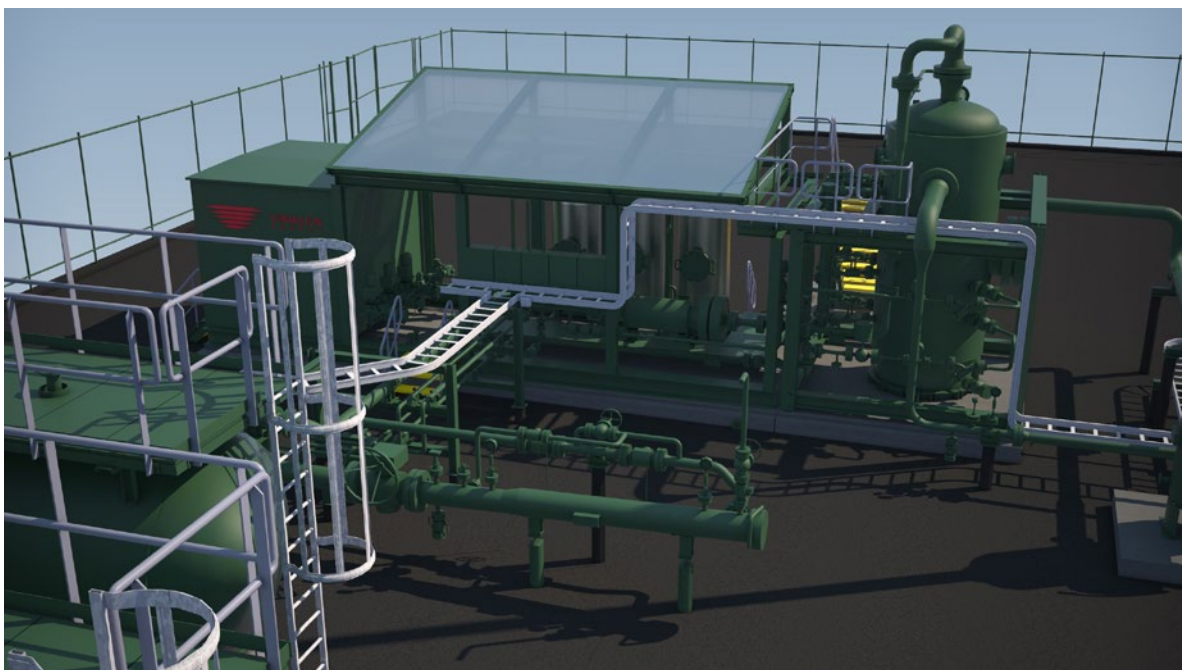
The three assumptions stated above form the Brokers' joint opinion of the fair market value of any asset in the prevailing market as between a willing seller and a willing buyer, charter free. The Brokers' valuations are done quarterly at the end of the quarter.

- The average of two brokers' valuations on a charter free CSV and LV vessel with prompt delivery
- The estimated economical lifetime is 25 years from delivery of the vessel



- The calculated cash flow from the time charter on the revaluated CSV / Lay Vessel is being compared with the estimated brokers' charter
- The premium values of the vessels are depreciated linearly over the useful life of the assets
- The cash flow from the charter is discounted with a WACC of 7.97 percent. The calculation of the WACC has the following assumptions:
  - 10 year state USD
  - a 40/60 ratio of equity/debt
- When Oceanteam has signed a building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam is applying the revaluation model for the CSV / Lay Vessels. The accounting impact when applying the revaluation model is that the CSV / Lay Vessel are measured at fair value in the balance sheet. The lines on the balance sheet "Vessels and equipment" on the asset side under tangible assets and the line "Revaluation reserve" are affected by the revaluation method. The historical costs for the CSV / Lay Vessels are shown in the table above for tangible assets under the column "Construction and Support Vessels" and also the revaluation surplus under the line revaluation reserve in the table.
- Per balance sheet date the CSV 101, CSV 104 and LV 105 were revaluated.
- The option price for the LV North Ocean 105 is included in the cash flow connected to the vessel and the option can be called in Q2 2017. When the relevant option period commences, 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. 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 to be recognized in the financial statements. When there is uncertainty related to such liabilities, the liability must be estimated. The option value for the LV North Ocean 105 is included in the cash flow connected to the vessel, which is based on the management's best estimate.



KCI's design for an onshore project.

## Note 3 - Intangible assets

### GROUP Figures in USD '000

Q4 2015	Deferred tax	Goodwill	Customer relations	IP licences, concept etc	OTS Designs	Intangible assets
Historical cost 31 December 2014	6 000	12 987	4 400	632	1 222	25 241
Additions-Internally developed						
Additions - Acquired separately				387	36	423
Disposals					(214)	(214)
<b>Historical cost 31 December 2015</b>	<b>6 000</b>	<b>12 987</b>	<b>4 400</b>	<b>1 019</b>	<b>1 044</b>	<b>25 450</b>
Accumulated amortisation 31 December 2014			(4 400)	(51)	(45)	(4 497)
Amortisation				(172)		(172)
<b>Amortisation 31 December 2015</b>			<b>(4 400)</b>	<b>(223)</b>	<b>(45)</b>	<b>(4 668)</b>
Accumulated impairments 31 December 2014						
Impairments/reversals	(750)					(750)
<b>Accumulated impairments 31 December 2015</b>	<b>(750)</b>					<b>(750)</b>
<b>Book value 31 December 2015</b>	<b>5 250</b>	<b>12 987</b>		<b>796</b>	<b>998</b>	<b>20 031</b>

## Note 4 - Segment information

The Group has two segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Solutions consist of engineering and equipment business. The current segments 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 total Group revenue Q4 2015 is USD 12.4 million, of which USD 8.9 million was distributed to the Shipping Segment and USD 3.4 million to Oceanteam Solutions.

Segment information	Shipping		Oceanteam Solutions		Total	
	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014
Revenue	6 673	6 380	3 436	7 405	10 109	13 785
Net income from associates and joint ventures	2 250	2 051			2 250	2 051
Operating costs	(784)	(317)	(1 753)	(2 729)	(2 537)	(3 046)
General & administration	(1 523)	(1 303)	(1 462)	(2 908)	(2 985)	(4 211)
<b>EBITDA</b>	<b>6 615</b>	<b>6 812</b>	<b>221</b>	<b>1 767</b>	<b>6 836</b>	<b>8 579</b>
<b>EBITDA%</b>	<b>74%</b>	<b>81%</b>	<b>6%</b>	<b>24%</b>	<b>55%</b>	<b>54%</b>
<b>Reportable segment profit</b>	<b>1 085</b>	<b>(301)</b>	<b>(1 418)</b>	<b>534</b>	<b>(333)</b>	<b>233</b>
<b>Reportable segment assets</b>	<b>192 025</b>	<b>296 031</b>	<b>43 227</b>	<b>47 229</b>	<b>235 252</b>	<b>343 260</b>
<b>Reportable segment liabilities</b>	<b>(128 090)</b>	<b>(155 771)</b>	<b>(5 052)</b>	<b>(18 864)</b>	<b>(133 141)</b>	<b>(174 635)</b>

\* Note: In 2014 the CSV North Ocean 102 was included in the numbers, while 2015 is the first year its out.

## Note 5 - Loans and borrowings

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

	0 to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>At 31 December 2015</b>					
Bank/ bond borrowings incl. interest	19 903	106 801			126 705
Other current liabilities	18 396				18 396
<b>Total liabilities</b>	<b>38 299</b>	<b>106 801</b>			<b>145 100</b>
<b>At 31 December 2014</b>					
Bank/ bond borrowings incl. interest	67 180	17 761	104 423		189 364
Other current liabilities	11 609				11 609
<b>Total liabilities</b>	<b>78 789</b>	<b>17 761</b>	<b>104 423</b>		<b>200 973</b>

Loans (Currency of loan)		True rate of interest	31 December 2015	31 December 2014
CSV Southern Ocean (USD)	Secured	LIBOR + margin*	54 675	62 775
Bond loan (USD)		LIBOR + margin	56 627	91 150
Other long term debt			5 799	3 368
<b>Total long-term debt</b>			<b>117 101</b>	<b>157 294</b>
**1st year principal repayments			13 640	43 100
***Borrowing costs			2 422	3 324
<b>Total long-term debt</b>			<b>101 038</b>	<b>110 870</b>

\* 50% of the LIBOR interest rate is fixed.

\*\* 1st year principal installments are related to vessel Southern Ocean.

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

The CSV vessels are collateral for the loans.

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

## Liquidity risk, financial risk and market risk

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

### Liquidity risk

At the of the year the Company's working capital and liquidity position was low, due to the repayment of USD 35 million in bond debt, pre-mobilisation costs due to new projects and additional costs on the back of the bankruptcy of our client, Ceona, plus legal and demobilisation costs. The Company secured a working capital facility of USD 3 million and EUR 1.5 million in 2015, in addition to its EUR 15 million facility, which we started to utilise in the fourth quarter and going forward.

The parent company depends on liquidity flows from subsidiaries and the joint venture companies that are owned with its joint venture partners. Due to macro challenges in our industry, our clients and our suppliers are being affected by the slower liquidity flow in the market. The Company aims to increase the dividend flow going forward through increased profitability from its business areas. These transfers cover the financial instruments in Oceanteam ASA and its operational costs as a listed company.

All outstanding trade receivables for the shipping segment per year end were received per reporting date. For the solution segment, USD 3.2 million of outstanding trade receivables per year end of which USD 1.3 million has already been received per reporting date.

### 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 until 28 February 2015 risk in connection with the vessels built under the Spanish tax lease system.

The Lay Vessel North Ocean 105 was under the Spanish tax lease structure until 28 February 2015, after which no vessels remain under the structure. After that all the Companies Spanish Tax lease structures are ended.

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Approximately 52 percent of the revenue is in USD while the remaining 48 percent is in EURO. Since the reporting currency is in USD the foreign 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 hedged in EURO. Long term post construction finance 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 rate is fixed. This protects the Company from volatile interest rate fluctuations. The USD bond loan has a floating quarterly LIBOR. With the current maturity schedule 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.

The overall strategy to reduce currency risk is largely based on natural hedging. Natural hedging means to have revenue and cost in the same currency per project. For Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS current interests strategy includes the use of interest swap agreement for the loans in as financial instruments. The risk mitigation is however continuously being assessed by the management and the Board of Directors.

Oceanteam's balance sheet is leveraged with USD 109 million in non-current liabilities including its first year's installments.

### 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 has quarterly fixed interests. The Company also has the opportunity to use longer periods as for instance 6 or 9 months etc. Due to the strategy of the Company and also based on low interest curves and with the liquidity situation in the market, Oceanteam has used quarterly roll over for its interests period.

### Market risk

Market risk includes risk of fluctuation in oil prices, political, economic risk and other uncertainties, increased competition and risk of war, other armed conflicts and terrorist attacks. The deteriorated financial climate has led to delays in projects in both the oil and gas and renewable energy industries which might make it more difficult to obtain attractive contracts for the construction support vessels and fast support vessels. Also the demand for cable installation equipment and engineering services may be affected by the economic circumstances. Reference is also made to the text paragraph earlier in the interim report.

### 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's clients are primarily large companies with high credit rating. The need for bank guarantee and pre-invoicing are considered on individual basis and it is monitored if any changes in credit risks during the contracts. The volatility in the Company's market has increased the credit risk among its clients due to macro changes especially in the oil and gas industry.

### Operational risk

Operational risks include time charter and bare boat contracts, service life and technical risk of vessels, the Company's operating history, risk for substantial responsibilities, the Company'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.

By securing long term contracts for the main assets for the Group, the operational risk for the Group decreases significantly.

### Contract backlog:

- CSV 101: BP Angola until February 2017. With the termination notice the owners may have the vessels returned May 2016.
- CSV Southern Ocean: Fugro TS Marine Australia until 31 December 2018 (+2 x 1 year option).
- LV 105: McDermott International Inc. firm until 30 June 2017 (+1 year option + 1 further additional year provided the Charteres give advance written notice according to details in charter agreement.
- FSV Mantarraya and FSV Tiburon: Contracts extended until mid 2016 with a 2 x 1 year option.
- Engineering: the level of secured work/tenders out are satisfactory for the season.
- RentOcean: Backlog of USD 10.3 millions, and tender positons of USD 44.4 million.

## Note 6 - Tax in Q4 2015

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.

However, the Group has major tax losses to be carried forward due to losses on contracting business. Confirmation from the tax authorities of a deferred tax loss of NOK 1.1 billion has been received in October 2014. The Group is analyzing how to utilize the nominal deferred losses of NOK 1.1 billion or USD 125 million for the Norwegian entities and EUR 52 million for abroad operations.

Deferred tax balance USD 5.3 million in the balance sheet includes tax losses on operations in the Netherlands and the Company is in process of increasing this asset due to increased profitability and securing new contracts in the Oceanteam Solution segment.

## Note 7 - Contingent liabilities

Oceanteam has reached an out of court settlement over an IP infringement case related to the Oceanteam ASA - North Ocean vessel series, which was filed against Sawicon AS in 2011.

The terms of the settlement are to remain confidential, but the company underlines that the settlement will have no negative effect on the company's results, operations and developments going forward.



Oceanteam Solutions finishes the mobilisation of its 2500T turntable for onshore storage in Zeebrugge

## Note 8 – Investment in joint ventures, associates and subsidiaries

### Joint ventures

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

Oceanteam Bourbon Spares & Equipment 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 ASA and Bourbon Offshore Norway AS. The Group has classified its interest in Oceanteam Bourbon Spares & Equipment AS as a joint venture.

The following is summarised financial information for DOT Shipping companies and Oceanteam Bourbon Spares & Equipment AS, its financial statements prepared in accordance with Norwegian GAAP. All companies mentioned above are equity accounted in the Group.

	DOT Shipping companies	Oceanteam Bourbon Spares & Equipment AS
Nature of relationship with the Group	FSV Icacos FSV Cobos CSV large under construction	Equipment business
Principal place of business	Mexico	Bergen, Norway
Ownership interest	40%	50%
Voting rights held	50%	50%

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

### GROUP Figures in USD '000

	DOT Shipping Companies		Oceanteam Bourbon Spares & Equipment AS	
	2015	2014	2015	2014
Revenue	3 603			103
Profit before tax	301		(157)	(136)
Tax				(23)
<b>Net result</b>	<b>301</b>		<b>(157)</b>	<b>(159)</b>
Current assets	4 000	10 799	1 153	24
Non-current assets	37 074	15 738	154	177
Current liabilities	(3 654)	(549)	(633)	
Non-current liabilities	(21 988)	(13 048)	(712)	(82)
<b>Net assets</b>	<b>15 433</b>	<b>12 940</b>	<b>(38)</b>	<b>119</b>

**GROUP Figures in USD '000**

	DOT Shipping Companies		Oceanteam Bourbon Spares & Equipment AS	
	2015	2014	2015	2014
Group's interest in net assets of investee at beginning of year	2 949		63	144
Investments	2 648	3 017		
Total comprehensive income attributable to the Group	135	(68)	(79)	(81)
Total other comprehensive income attributable to the Group				
Dividends received during the year				
<b>Carrying amount of interest in investee at 31 December 2015</b>	<b>5 731</b>	<b>2 949</b>	<b>(16)</b>	<b>63</b>

**Associates**

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

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

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

	Oceanteam Bourbon 101 AS	North Ocean 105 AS
Nature of relationship with the Group	Vessel CSV Bourbon Oceanteam 101	Vessel LV 105
Principal place of business	Bergen, Norway	Bergen, Norway
Ownership interest	50%	25%
Voting rights held	40%*	25%

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

\*In December 2013 the owning parties agreed to change the shareholders' agreement for Oceanteam Bourbon 101 AS. Oceanteam ASA have two of total five directors in the board, which is the base for calculation of voting rights given above. The owner companies, Bourbon Offshore Norway AS and Oceanteam ASA have equal voting shares in general meetings. The changes were implemented from 1 January 2014.



**In USD '000**

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2015	2014	2015	2014
Revenue	23 590	23 072	16 346	23 777
Profit before tax	10 449	10 096	8 288	8 214
Tax		(2)		(4)
<b>Net result</b>	<b>10 449</b>	<b>10 094</b>	<b>8 288</b>	<b>8 210</b>
Current assets	7 450	8 741	1 687	8 792
Non-current assets	58 261	63 132	102 748	107 783
Current liabilities	(8 828)	(20 185)	(6 738)	(12 194)
Non-current liabilities	(53 133)	(50 386)	(48 204)	(63 177)
<b>Net assets</b>	<b>3 750</b>	<b>1 302</b>	<b>49 494</b>	<b>41 203</b>

**GROUP Figures in USD '000**

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2015	2014	2015	2014
Group's interest in net assets of investee at beginning of year	26 828	27 433	13 043	17 852
Change in investment	(5 500)		(600)	
Total comprehensive income attributable to the Group	5 225	5 047	2 271	2 252
Total other comprehensive income attributable to the Group	(10 981)	(5 651)	(1 143)	(3 884)
Wrongly booked from previous year				(3 177)
<b>Carrying amount of interest in investee at 31 December 2015</b>	<b>15 571</b>	<b>26 828</b>	<b>13 571</b>	<b>13 043</b>

**Subsidiaries**

The Company has 14 subsidiaries to the Group in 2015.

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

**Oceanteam Bourbon 4 AS**

Operating segment	CSV Southern Ocean
Principal place of business	Bergen, Norway
Ownership interest held by non-controlling interests	50%
Voting rights held by non-controlling interests*	40%

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 intercompany eliminations with other companies in the Group.

\* For further information about voting rights, ref note 9.

## Figures in USD '000

	Oceanteam Bourbon 4 AS	
	2015	2014
Revenue	19 395	20 582
Profit before increase (decrease) of carrying amount from revaluation of vessels	11 010	13 404
Increase (decrease) of carrying amount from revaluation of vessels	(13 504)	
Profit after increase (decrease) of carrying amount from revaluation of assets	(2 494)	
Other comprehensive income		
Total comprehensive income	(2 494)	13 404
Profit attributable to non-controlling interest	(1 247)	6 702
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>(1 247)</b>	<b>6 702</b>
Current assets	5 554	11 245
Non-current assets	78 179	85 165
Current liabilities	(8 497)	(8 953)
Non-current liabilities	(71 305)	(69 628)
<b>Net assets</b>	<b>3 931</b>	<b>17 829</b>
<b>Net assets attributable to non-controlling interests</b>	<b>1 965</b>	<b>8 914</b>



CSV Southern Ocean at work in Australian waters

## Note 9 - Business combinations

### **Oceanteam Bourbon 4 AS**

In December 2013 the owning parties agreed to change the shareholders' agreement for Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS. This resulted in Bourbon Offshore Norway AS gaining control over Oceanteam Bourbon 101 AS and Oceanteam ASA gaining control over Oceanteam Bourbon 4 AS.

The effect was from 1 January 2014 and both parties have implemented changes accordingly to agreement.

Equity interests still remains 50 percent but voting shares in Oceanteam Bourbon 4 AS is 60 percent control is gained. This is based on Oceanteam ASA having three of total five directors in the board. But in general, the owner companies, Bourbon Offshore Norway AS and Oceanteam Shipping AS have equal voting shares in general meetings.

Oceanteam Bourbon 4 AS operates the vessel CSV Southern Ocean which is currently on bareboat charter with Fugro TSMarine Australia until December 2018.

Per 31.12.15 non-controlling interests held USD 30.4 million of equity in the Group accounts which include revaluation reserve of negative USD 11.5 million.

Revenue from the company in 2015 was USD 19.4 million and profit is USD 11.0 million, revaluation reserve for the company is amounted to negative USD 22.9 million per balance sheet date.

### **KCI the Engineers B.V.**

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

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

## Oceanteam shipping assets

### Vessels

#### CSV Bourbon Oceanteam 101



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

#### CSV Southern Ocean



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

#### Lay vessel North Ocean 105



High-capacity, rigid reeled vertical pipelay vessel, with 3000 tonnes payload reel capacity for subsea construction and installation, and deepwater moorings installation. The vessel began a 5 year charter contract at delivery, 20<sup>th</sup> April 2012.

**FSV Icacos / FSV Cobos**



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

**FSV Mantarraya / FSV Tiburon**



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

**Two new FSV's**



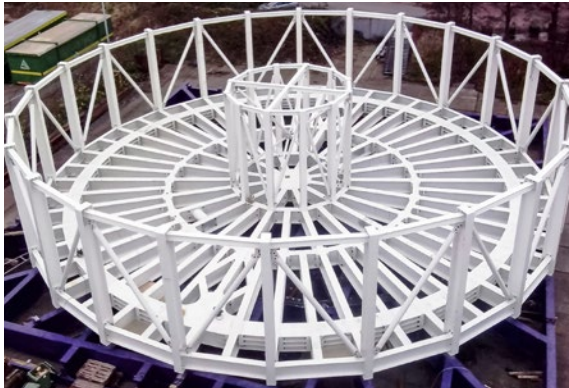
Oceanteam has purchased two new FSV vessels with delivery early 2016. The vessels are capable of transporting 96 POB and cargo at a cruising speed of 25 knots with largely improved fuel efficiency. The vessels can also be upgraded with ballistic protection.

### CSV Tampamachoco I



The construction of a large offshore construction support vessel for Oceanteam’s subsidiary DOT Shipping is progressing as planned. The vessel, that is due for delivery at the end of 2016, is fully financed and has secured a long-term time charter in Mexico. DOT Shipping has a 50-percent interest in this new large build construction support vessel and is owned through a joint venture between DOT Shipping and Pacific Radiance (headquartered in Singapore).

### Up to 5000T demountable turntables & related equipment



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



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