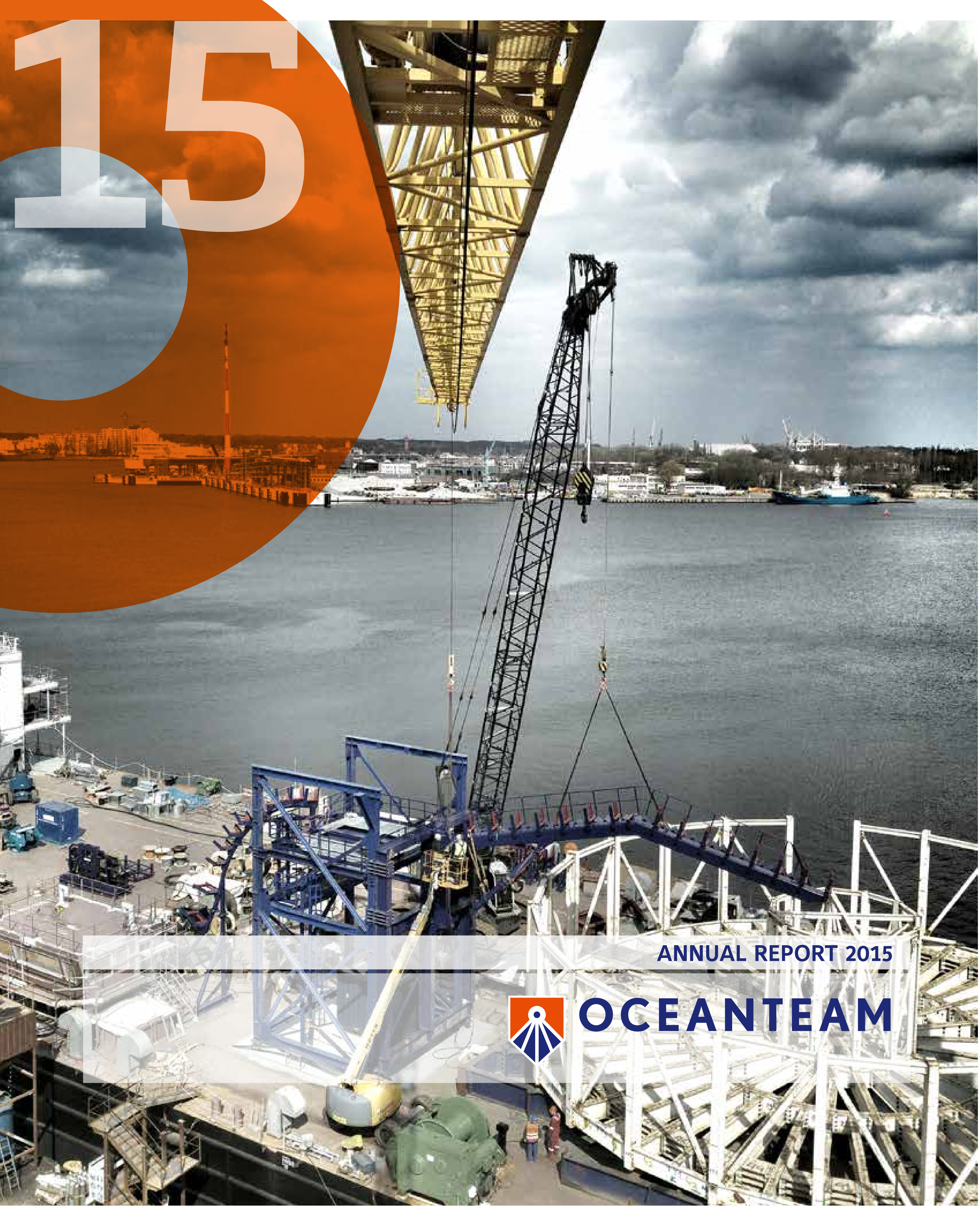

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ANNUAL REPORT 2015

OCEANTEAM


OCEAN 105

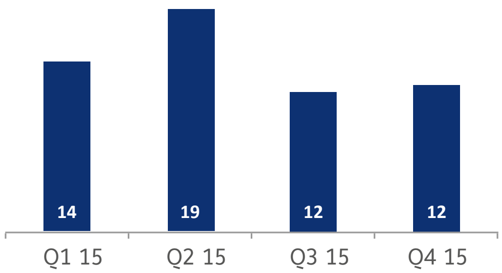
Content

1

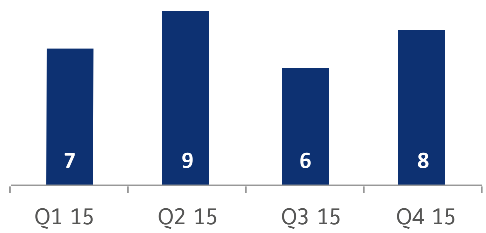
2015 Company highlights

Revenue
57.0 mill.

USD in million

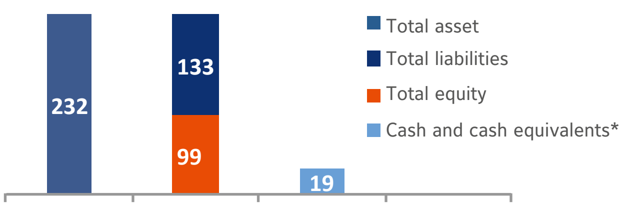


Ebitda
29.1 mill.

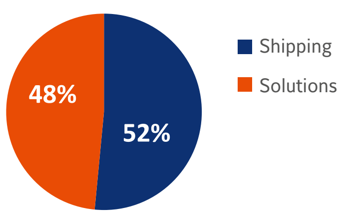


Asset overview
Balance

USD in million



Segment Revenue
Revenue split



USD	2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Revenue	57.0	14.3	18.7	11.7	12.2
Operating cost	(14.7)	(3.8)	(5.5)	(2.8)	(2.5)
General & administration	(13.2)	(3.6)	(4.5)	(3.1)	(1.9)
EBITDA	29.1	6.9	8.7	5.8	7.7
EBITDA percentage	51%	48%	46%	50%	63%

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

Business events

- In 2015, Oceanteam ASA paid a USD 35 million instalment of the Company's 2012 USD 92.5 million bond loan.
- Oceanteam Solutions secured a EUR 15 million revolving term loan facility to finance the growth of its business.
- Oceanteam acquired the remaining shares in Oceanwind BV with the goal of making the Company the sole owner of Oceanteam Cable Storage & Handling Solutions and having all services in-house.
- Oceanteam Solutions was awarded a strategically important contract for the engineering and supply of a complete cable laying spread.
- Oceanteam changed its corporate name to Oceanteam ASA to emphasise the Company's focus and growth in solution driven services in addition to its shipping activities.
- DOT Shipping opened a new operations office in Cuidad del Carmen, Mexico.
- CSV Tampamachoco 1, currently under construction for DOT Shipping which is due for delivery late 2016, secured post-delivery financing.
- The Company is now more effective and cost-efficient thanks to diversification, joint ventures, risk management, standardisation and a clear focus on reducing operational costs and support overhead.
- Oceanteam Shipping acquired two new FSVs with guaranteed buy back option from the builder. Vessels are expected to be operational in the first half of 2016.

One of the cable loadouts executed at Oceanteam Solutions' storage facility in Velsen Noord.

Message from the CEO

The year 2015 was a significant milestone in Oceanteam's company history, as it saw the introduction and finalisation of a number of strategic initiatives and the building of a corporate profile aligned with our vision.

As a unified solution-driven company, focused on added value and client service, we are working from a solid and diversified platform. This has allowed the Company to exploit new and more economically feasible areas of the value chain and lower the Company's client and market risk. The measures taken in 2015 reflect Oceanteam's core activities and priorities, underpinning our role as a global and unique one-stop-shop with a clear commitment to our stakeholders.

We experienced a difficult and volatile period in the oil and gas market in 2015, and we have the outmost respect for the forces that are defining the market cycles. To maintain the required financial flexibility, the Company took various measures and made a number of changes through "The Next Step" project. This has reduced operational and overhead costs considerably, making Oceanteam far more scalable, effective and cost efficient. This is clearly reflected in our financial performance. We believe the ability to be agile and adaptable in the current market is a prerequisite for further improvement of operations and corporate activities. It is also essential to our ability to identify new and sustainable business opportunities.

DOT Shipping in Mexico is one of our operations progressing above expectations and demonstrating sustainability and profitability.

This joint venture with one of the most experienced and recognised operators in the Mexican Gulf, Diavaz, has been very productive, with the delivery of two FSVs and one major Offshore Support Vessel under construction, with delivery expected at the end of 2016. All vessels are fully financed and are being built on the back of long-term contracts. In view of the exiting growth opportunities in the Mexican Gulf, we are confident that Oceanteam is ideally positioned to secure both short-term profitability and long-term growth.

Oceanteam is today one of the few companies in the world that combines both high-end engineering know-how, shipping expertise and equipment capabilities in one single service. This integration of different services throughout the Group, in combination with the Company's offshore shipping assets, boosted our operational, financial and strategic strengths in 2015. We believe these attributes will be even more valuable in the years ahead.

As we close the books on 2015, we do so with a sound financial foundation, a solid backlog and Oceanteam Solutions in a unique position to capitalise on the opportunities we believe will emerge in the years ahead and next cycle in this sector.

With kind regards,
Haico Halbesma
Chief Executive Officer

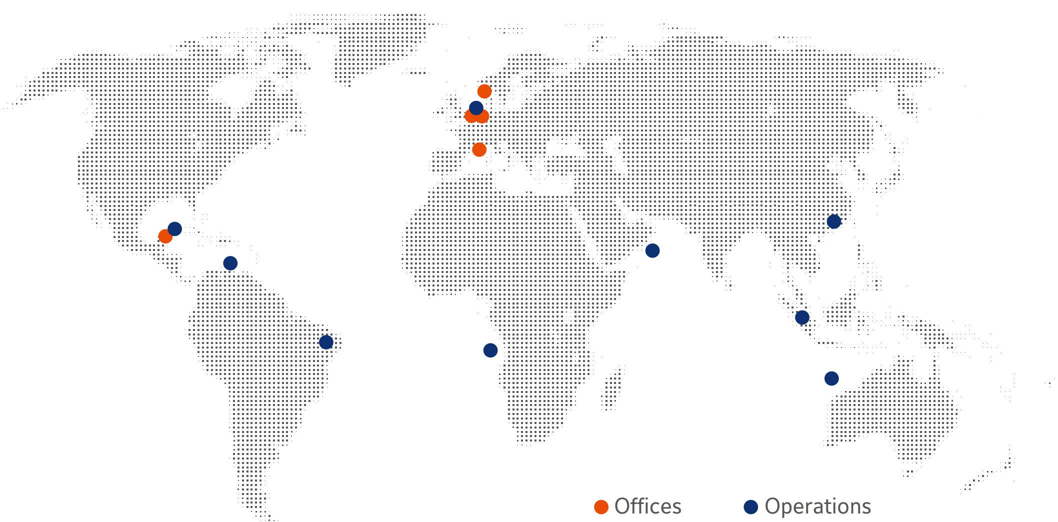
Who we are and what we do

Oceanteam is an offshore service provider. Oceanteam provides high-quality support to offshore contractors all over the world through its fleet of large and advanced offshore vessels (Oceanteam Shipping), and its expertise in marine equipment, cable logistics and design engineering (Oceanteam Solutions).

Oceanteam focuses on economically and technically challenging projects for clients in the oil and gas and renewables industries. In addition, we are among the few companies in the world to combine high-end engineering know-how, DNV GL certified shipping and expertise, DNV ISO certified solutions and special purpose equipment in a single 'one-stop shop' service, if required.

Our global reach

Oceanteam has offices in Amsterdam, Velsen and Schiedam in the Netherlands, Monaco and in Mexico. The corporate head quarter is in Bergen, Norway. The Company is well positioned in growth basins which include the Gulf of Mexico, Latin America, West Africa, Asia-Pacific.



Company history

2015.12 Corporate name is changed to “Oceanteam ASA” with the ticker code “OTS”.
2015.07 Acquisition of remaining shares in Oceanwind Cable Storage & Handling Solutions.
2014.12 Transfer of a 50% ownership stake in a jointly owned CSV North Ocean 102 to J. Ray McDermott Norway is completed.
2014.09 Oceanteam Shipping takes a 40% interest in a joint venture company with Diavaz named DOT.
2014.02 Oceanteam acquires the remaining shares in KCI and starts implementation of the Oceanteam Solution strategy.
2013.10 “The Next Step“ improvement programme starts off in KCI, significantly strengthening the company’s management team, operations and organisational structure.
2012.04 Lay Vessel North Ocean 105 is delivered and starts a five-year time charter with J. Ray McDermott S.A.
2011.02 The Company changes its name from Oceanteam ASA to Oceanteam Shipping ASA with the ticker code “OTS”.
2010.08 The Southern Ocean (North Ocean 104) enters into a three-year bareboat contract with Fugro TSMarine.
2010.01 The strategic switch towards assets with increased engineering capabilities reduces the risks for the Company and leads to increased profits.
2009.12 50% of the North Ocean 102 and 75% of the North Ocean 105 are sold to McDermott.
2009.06 The North Ocean 103 is sold at delivery to Technip and is renamed Apache II.
2008.12 The Company exits completely from offshore subsea power cable installation projects and refocuses on the provision of high-end construction support vessels, equipment rental and engineering services.
2008.12 Vessel “CSV North Ocean 102” is delivered.
2007.10 The “CSV Bourbon Oceanteam 101” of the North Ocean 100 series is delivered as the first of its multiple vessel-building programme.
2007.02 Oceanteam Shipping is listed on the Oslo Stock Exchange under the ticker code “OPU”.
2005.12 The Company is awarded its first offshore wind farm installation project in the Netherlands.
2005.10 Oceanteam Shipping is incorporated in Bergen, Norway. The idea behind the business is to continue the development of the North Ocean 100 series that the founders had started in 2004.

Company structure

Oceanteam Shipping

North Ocean fleet

Owns and provides two high-end large Deepwater Offshore Construction Service vessels (CSVs), one Pipe Lay vessel and two Fast Support vessels (FSVs) on long term contracts with solid subsea construction companies.

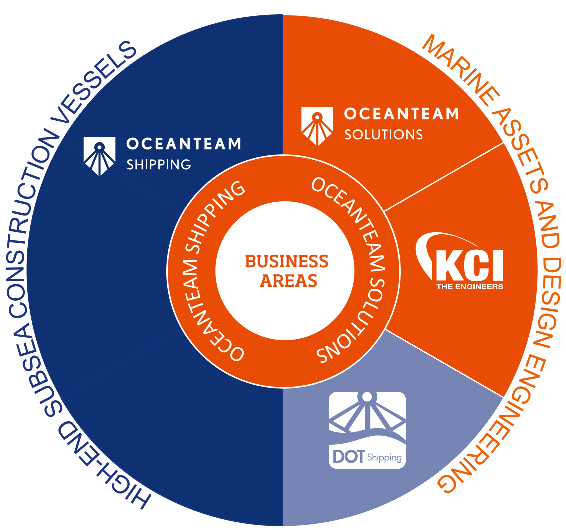
Oceanteam Solutions

In addition to a full package of engineering services, Oceanteam Solutions can provide a complete range of high-quality equipment suitable for offshore cable laying, umbilical installations, on and offshore cable storage and cable transport. The company owns numerous reels, seven large turntables based on its own-patented design and has two additional systems up to 7000t under construction. The company has all related auxiliary equipment in stock.

The company designs and engineers complete platforms and infrastructures for the oil and gas and renewables industry. More than a hundred professionals offer a unique range of in-house experience and expertise. In addition, we are the lead engineer on the largest Ferris wheel ever built and have launched a separate division to serve this market. All engineering services within the Group are done in-house. We designed the majority of our equipment that is already operational or due to be built.

DOT Shipping

Provides vertically integrated high-end vessel solutions and marine asset services for the rapidly developing Mexican offshore market. The current fleet consists of two Fast Support vessels and has one large Deepwater Offshore Construction Service vessel (CSV) currently under construction. The company provides marine management, crewing, engineering and construction management.



Board and Management team

HESSEL HALBESMA
Chairman of the board of Oceanteam ASA since 2005

Year of birth: 1948

Mr Halbesma is a trained mariner and has founded and managed various private and stock listed offshore service and offshore asset companies. Mr Halbesma is the father of Oceanteam ASA's CEO Haico Halbesma.

Mr Halbesma has various board seats in privately held companies.

CATHARINA PETRONELLA JOHANNA POS
Board member Oceanteam ASA since 2007

Year of birth: 1946

Mrs Pos studied nursing and management and has a background as a manager of international companies and the management of complex teams and processes. Mrs Pos founded CENZO BV in 1994 and has been a successful entrepreneur within the health care industry since.

Mrs Pos has a board seat in two foundations outside of Oceanteam ASA

JAMES HILL
Board member Oceanteam ASA since 2013

Year of birth: 1961

Mr Hill studied Law with French at the Universities of Leicester and Strasbourg and qualified as an English Solicitor with Clifford Chance in London. He is a founding partner of an international law firm in Monaco where he has practised since 1989.

Mr Hill is a director of a number of private family companies.

HAICO HALBESMA
CEO Oceanteam ASA since 2005

Year of birth: 1970

Mr. Halbesma has been Chief Executive Officer of Oceanteam Shipping since co-founding the company in 2005 and has more than 20 years of experience in the industry. Mr. Halbesma started his career in 1994 with offshore service provider Seateam Technology ASA and has since held several positions within the industry and was the COO of DeepOcean's operations in Mexico until end 2005. Mr. Halbesma has a business degree.

Torbjorn Skulstad
CFO

Lex van Doorn
Managing Director

Marc Groenendijk
Managing Director

Mwata Belgrave
Director Operations

Jan Willem van Bloois
Director Sales & Marketing

Joaquin Romero
VP Oceanteam Mexico

Mathieu Feisthauer
Fleet Manager

Lars van 't Kruijs
Operations Manager

Tsonka Rangelova
Corporate Counsel

How we create value

Oceanteam's mission is to create maximum value for its clients worldwide. We operate in different markets and geographical areas, combining engineering know-how and a pool of special-purpose equipment with our fleet of large and advanced offshore vessels. This enables us to deliver complex offshore support (cable, pipeline and umbilical installations, transportation and storage projects) as a single service (one-stop shop).

We establish strong (local) partnerships and strategic alliances. 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 industries.

Oceanteam has a disciplined financial strategy. We have long-term relationships with our banks and use diverse sources of financing, avoiding high-yield bonds as much as possible going forward. We continually work to improve our credit rating and focus on reducing our cost of capital.

Health, Safety, Environment and Quality

Management of QHSE is a strategic priority area for the Oceanteam group. Oceanteam ASA holds DNV GL certificates for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards for quality, environmental and health and safety management.

Assets

Deepwater construction services vessels Bourbon Oceanteam 101/ Southern Ocean

Upon delivery in December 2007, the DP2 Construction Support vessel Bourbon Oceanteam 101 was the first of a standardised North Ocean series, jointly owned by Oceanteam and Bourbon Offshore. The ship series has proven quality in the most demanding and advanced deep-water operations. Its excellent seafaring capabilities, large cranes, moon pool, considerable free deck area and extensive accommodation enable CSV Southern Ocean to be utilised for field support, construction, installation and IRM support. Her sister ship Southern Ocean was delivered in 2010 and shares a near-identical hull and structure layout.

CSV Southern Ocean

Built: 2010
LoA: 137m
Beam: 27 m
Dwt: 10.000t
Deck: 2500m2
Cranes: 1 x 250t fully AHC and 1 x 110t fully AHC

CSV Bourbon Oceanteam 101

Built: 2007
LoA: 127m
Beam: 27 m
Dwt: 7.000t
Deck: 2000m2
Cranes: 150t fully AHC+ 100t fully AHC
Ownership: 50% Oceanteam ASA / 50% Bourbon Offshore Norway AS

Lay vessel North Ocean 105

This high-capacity, rigid-reeled vertical pipe lay installation vessel, with top-tier payload reel capacity for subsea construction and installation was delivered in 2012. It accommodates installation of flexible products including submarine cables and umbilicals and flexible pipelines.

Delivery: 2012
LoA: 137m
Beam: 27 m
Dwt: 10.000t
Deck: 2500m2
Cranes: 1 x 400t fully AHC and 1 x 100t fully AHC Top tension lay system

Fast support vessels Mantarraya and Tiburon

The innovative Fast Support Vessels (FSV's) are operational on bare boat contracts in Venezuela. The vessels are capable of transporting 75 persons and cargo at a cruising speed of 25 knots with largely improved fuel efficiency compared to similar vessels available.

Delivery: 2006
LoA: 33m
Beam: 8 m
Deck: 150m2
Speed: 25 knots
Passengers: 75 pob

Fast support vessels Cobos and Icacos

The Fast Support Vessels are designed to meet the latest Mexican requirements. The vessels can accommodate 96 passengers with a service speed of 25 knots, have a 110 m² clear working deck with a cargo capacity of 40 tonnes, and a structural strength of 2 t/m².

Two new fast support vessels

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.

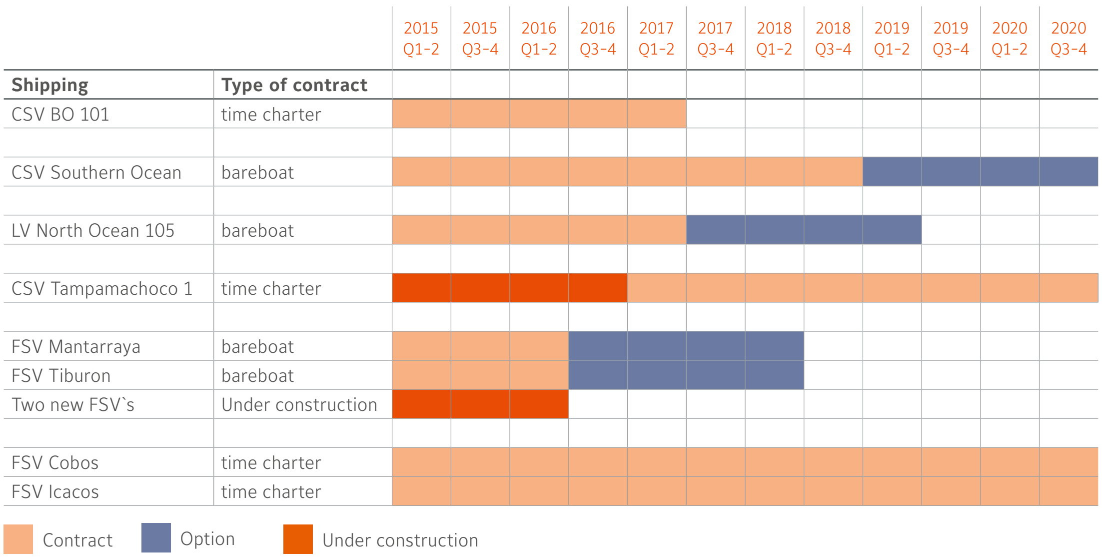
Turntables, reels and tensioners

Oceanteam is specialised in building and operating demountable turntable systems. We can design and produce turntables in various sizes, for onshore and offshore use and for a variety of cables, umbilicals, pipes or flowlines. We are known for delivering quality equipment and services within limited time; our turntables can be built in fewer than three months.

Our turntable series is designed for quick mobilisation with limited deck load. All system components are 'plug and play' and interchangeable. The modular systems are delivered to the mobilisation site in 40 ft containers. This means the equipment can be transported by road and sea and taken to any port in a cost effective and time efficient manner.

Oceanteam has four 10t tensioner and one 15t tensioner for the installation of power cables and umbilicals and can supply different sizes of storage reels with drive systems that can handle up to 500t.

Contract backlog
SHIPPING



Business areas and revenues
Oceanteam Shipping
Oceanteam Shipping owns, charters and manages high-end subsea construction vessels that are used by subsea construction companies world-wide. The fleet consists of the two large Deepwater Offshore CSVs Bourbon Oceanteam 101 and Southern Ocean, the Pipe Lay vessel North Ocean 105 and two FSVs, Mantarraya and Tiburon. Oceanteam has also purchased two new FSV vessels with delivery early 2016. The vessels are on long term charters with solid clients including Oceaneering/ BP Angola, Fugro TSM and McDermott.

The North Ocean 100 series has a proven track record and field experience in delivering recognised quality, performance and reliability to the most demanding clients and subsea operations. Since the first 10.000t deadweight CSV Bourbon Oceanteam was delivered in 2007, the multiple vessel programme has launched five large state-of-the-art new builds in accordance with the Company`s own design and specifications. In addition to the current fleet, the North Ocean 102 was sold at delivery to Technip in 2009 and the remaining 50% share of CSV North Ocean 102 was transferred to J. Ray McDermott in late 2014. Built at premium and reliable shipyards, all vessels have been delivered on time and within budget.

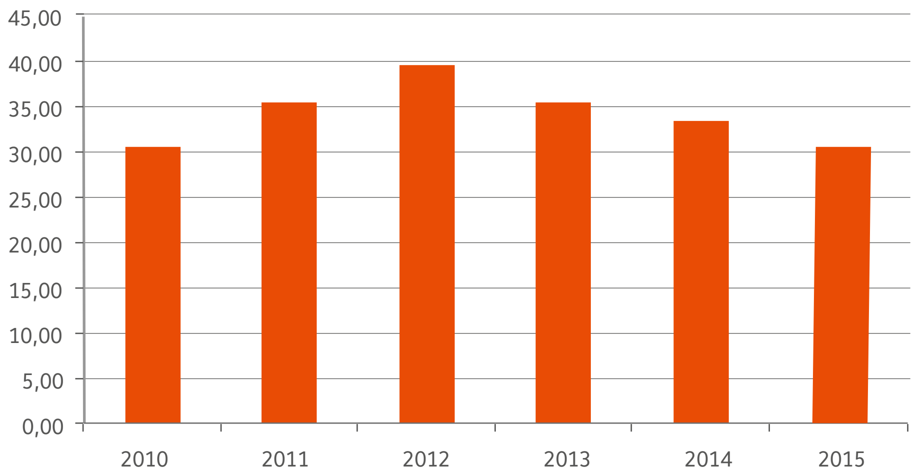
The strategy of the Company is to create value for its clients by offering vessels that are built and operated economically and are combined with a uniquely flexible configuration. Given our in-house experience and expertise, we ensure that our clients will be provided with the most effective vessel solutions for their projects. We can ensure proactive assistance and provide support related to every aspect of the fleet we manage. This includes both operational and technical support.

The North Ocean 100 series vessels have always been well received by our clients and have proven to be highly capable, reliable and cost effective deep-water vessel solutions to support the most complex projects. Oceanteam Shipping is continuing to develop projects and designs for future, larger and more advanced North Ocean Series vessels. The next generation, the North Ocean C25000 series, is fully developed and ready for implementation.

To enhance shareholder value, the Company continues to pursue business opportunities to secure steady, positive cash flow from existing operations and diversification in markets segment and geographical areas.

Shipping Revenues

USD million



Oceanteam Solutions

Oceanteam Solutions, the Company's marine asset and design engineering division, focuses on a solution-driven offshore service for its clients by combining its engineering and equipment capabilities. Oceanteam Solutions' proportion of the Company's earnings has increased and the business will be a key contributor to the Company's future growth, in addition to the stable long-term focus of the shipping business.

Marine assets

Oceanteam Solutions is specialised in building demountable turntable systems that easily can be delivered in 40ft containers to all ports globally. The company can design and produce turntables in various sizes, for onshore and offshore use and for a variety of cables, umbilicals, pipes or flowlines. Thanks to the subsidiary's in-house engineering experience and expertise, clients contract the most effective vessel and equipment solutions for their projects.

Over the years, Oceanteam Solutions has built up a broad worldwide client base to which the company successfully rents out equipment and support their client's offshore cable, pipeline and umbilical installations, transport and storage projects. From our base with deep-water quayside facilities in Velsen-Noord, the Netherlands, the company can accommodate all sizes of vessels for mobilisation and demobilisation with easy access to the North Sea.

Engineering

From concept and consultancy to design and execution management: for more than 29 years the company has developed in-house experience and expertise to ensure that the clients find cost-effective solutions and optimise operational capabilities at every stage of their projects. Engineering is a people business. Over 100 engineers with various technical backgrounds and different nationalities continuously keep improving the level of engineering knowledge and smart tools. In oil and gas asset development, we cover the complete chain from geological surveys, field development, concept selection and conceptual design, right up to the actual construction, installation and future decommissioning. The company also offers consultancy and engineering services during the complete life cycle of offshore wind developers and EPIC contactors. The projects start with field development, including the design of foundations, cables, met masts and substations for renewables developers and end with decommissioning or life time extension. In addition, The company designs complex structures for the marine environment, such as deck layouts and specialist equipment in ship design. The Company's engineering expertise has also enabled it to broaden its product offering to include large fairground Ferris wheels. The company is currently designing two new large wheels that will be the world's largest once completed.

DOT Shipping

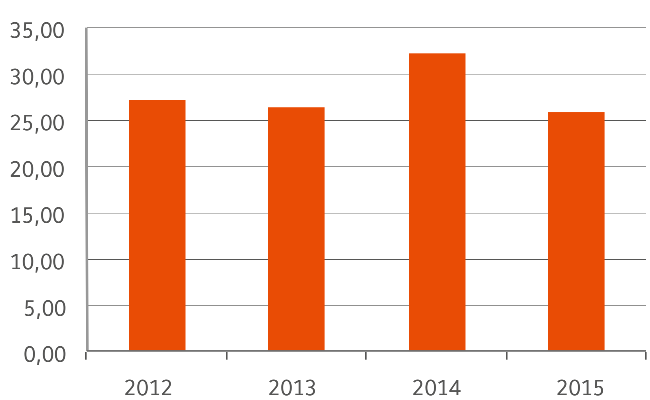
The joint venture DOT Shipping provides vertically integrated high-end vessel solutions and marine asset services for the rapidly developing Mexican offshore market. The Mexican Energy Reform legislation that passed in August 2015 opened up Mexico's state-controlled hydrocarbon industry to participation of private investors. Mexico is the 10th biggest producer of crude oil and the decision to put an end to the state monopoly is expected to reverse a decade of declining oil output. Mexican growth in E&P spending and the replacement of tonnage will drive demand for a new generation of OSVs years ahead.

Diavaz is a reputable organisation of companies and strategic joint ventures, formed with the objective of providing intergrated services and solutions for the oil industry. Since 1973 Diavaz has positioned itself as one of the most experienced companies in Mexico and has developed a sound knowledge of the energy sector. Together with Oceanteam's vast knowledge and in-house capabilities, we are confident that the partnership will benefit both organisations by seizing a share of this highly attractive and fast growing market.

DOT Shipping successfully delivered the FSVs Cobos and Icacos, which were immediately sent to the Gulf of Mexico to start operations. Both vessels are fully financed and on seven year firm time charter contracts. In addition, one large Deepwater Offshore Construction Service vessel is currently under construction.

Solutions Segment Revenue

USD in million



Quality and HSE

Quality, Health, Safety and Environment

Management of QHSE is a strategic priority for the Oceanteam group. Oceanteam ASA holds DNV GL certificates for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards for quality, environmental and health and safety management.

Professional standard

The Company Code of Conduct applies to all employees and takes precedence over all other company policies and guidelines. The Code of Conduct covers topics including bribery and facilitation payments, conflicts of interest, fair competition, as well as gifts and hospitality, human rights, sponsorship and whistleblowing.

All permanent employees and managers at Oceanteam must confirm annually that they have read the Code of Conduct and that they have carried out their tasks and responsibilities in accordance with the Code for the previous year. We also require suppliers, subcontractors, representatives and other Oceanteam contracting parties to confirm adherence to ethical standards.

Employees throughout the Company are responsible for professional conduct. They are deemed to create an environment of dignity and respect to others with diverse backgrounds and perspectives, including fellow employees, customers, vendors and other third parties.

Working environment

At the end of 2015, the Company employed 128 people - plus 180 contractors and marine crew - with various background and roots from all over the world, bringing together a broad mix of cultures. The people within Oceanteam are a crucial factor in the entire process of creating value for our clients. HR’s contribution to the business is a focus on maintaining an excellent workforce and committed people.

Oceanteam takes a systematic approach to the performance and achievements of the employees and an on-going commitment to their development. The aim is to encourage, acknowledge and continuously develop employees. Uniform job profiles for the Group are designed and implemented through the PMS, which helps ensure our workforce is put to good use in an optimal fashion for and within Oceanteam and its clients. Through the PMS, our employees are challenged to continuously develop and remain up-to-date evolving market standards.

Equal opportunities

The Company is fully committed to meeting its obligation to provide equal employment opportunities to all employees and applicants without regard to race, colour, religion, gender, national origin/ancestry, citizenship, age, sexual orientation, disability or other protected status.

The discrimination act’s objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. Oceanteam is actively and systematically working to comply with the act’s intention within our business. The activities aimed at avoiding discrimination include reqruitment, salary and working conditions, promotion, development, opportunities and protection against harassment.

Safety

An important HSE goal for 2015 was to achieve zero Health Safety and Environmental accidents. In 2015, no large-scale accidents or incidents were recorded in the Oceanteam group. Nor were any personal injuries reported in any Oceanteam company in 2015.

However, any and all reported incidents and accidents are always followed up with an investigation that is recorded and filed. The cause and solution of the investigation are recorded in a public accessible database.

Environment

Oceanteam's activities and the desire to minimise harm to the environment continue to be a prime objective. The ISO 14001: 2004 certification ensures a systematic approach to environmental management and continuous improvement throughout the Group.

All Oceanteam ASA ships have DNV GL CLEAN design class notation for the lowest environmental impact. This results in double hull on all ships. Engines comply with latest requirements for emissions and the use of fuel type MDF (Marine Diesel Fuel) to lower emissions. In addition to this, all ships have advanced garbage and disposals treatment. In 2015, no environmental incidents were reported in the Oceanteam group.

Shareholder information

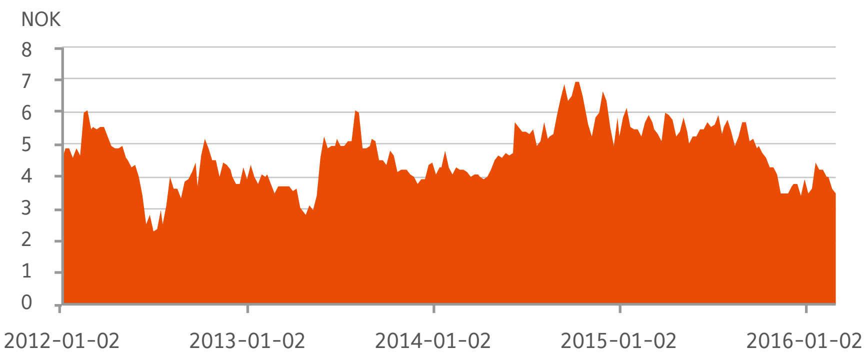
Share information

Shares in Oceanteam ASA are publically traded at the Oslo Stock Exchange. The Company has 29.593.259 shares outstanding and is traded under the ticker code ''OTS''. All shares have equal voting rights. Shares are identified by the name of their owner or their owner's nominee account. As reflected in the Company's Articles of Association, there are no restrictions related to voting or the transfer of ownership of the shares, nor are there mechanisms aimed at preventing takeovers. There are no specific representations, individual or in total, for shares owned by employees.

Performance

In the period 2013-2016 there has been a slightly negative development of the share price. As of 31 December 2015, the Company's market capitalisation was NOK 102 million.

OTC Share price development 2012-2015

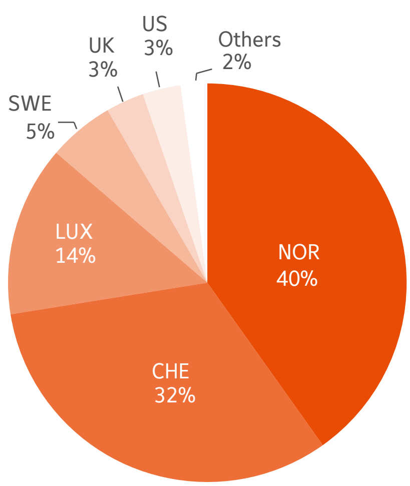


Shareholders

Total number owned by top 20.

Shareholders		Number of shares	Equity interest
UBS AG	1	9 533 720	32,2%
CLEARSTREAM BANKING S.A.		4 047 389	13,7%
OCEANTEAM ASA (own shares)		2 959 324	10,0%
OTTERLEI GROUP AS		1 781 566	6,0%
SKANDINAVISKA ENSKILDA BANKEN AB		1 399 567	4,7%
PERSHING LLC		910 043	3,1%
YOUNG NOUGATEERS AS		458 000	1,5%
ROYAL BANK OF SCOTLAND		447 947	1,5%
SPECTATIO FINANS AS		431 931	1,5%
RAGE, PER EGIL		389 057	1,3%
J.P. MORGAN CHASE BANK N.A. LONDON		373 558	1,3%
VARNER-GRUPPEN AS		350 211	1,2%
SKARET INVEST AS		244 600	0,8%
NILSEN, STEINAR JOHAN		235 100	0,8%
LANDRO, KENNETH		229 334	0,8%
NETFONDS LIVSFORSIKRING AS		222 820	0,8%
IMAGINE CAPITALS AS		208 261	0,7%
SKULSTAD, TORBJØRN		188 020	0,6%
MJELDE, ARVID BJARNE		142 000	0,5%
NYBORD, PER OLAV		128 102	0,4%
Subtotal 20 largest		**24 680 550**	**83,4%**
Others		4 912 709	16,6%
Total		**29 593 259**	**100%**

Percentage of shareholder by geographic location



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Corporate governance

Adopted by the board of Directors on December 2015

1 INTRODUCTION

1.1 Background

Oceanteam ASA ("**Oceanteam**" or the "**Company**") is a listed company, established and registered in Norway and must therefore comply with Norwegian law, including corporate and securities laws and regulations. The Company and its subsidiaries (the "**Group**") makes every effort to comply with all applicable laws and regulations, as well as the Norwegian Code of Practice for Corporate Governance (Nw: "Norsk anbefaling for eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board (the "**Code**") and published at www.nues.no.

The Board of Directors (the **"Board**") adopted the first Corporate Governance Policy (the "**Policy**") on 30 October 2006 to reflect and underline the Company's commitment to good corporate governance. Following amendments to the Code, the Policy has been updated regularly and the current version is based on the Code revised as per 30 October 2014. The Policy is intended both as an instrument for the Board and the management and as a device to maintain good relations and trust with the Company's different interest groups. In furtherance of this goal, the Board has also adopted a Code on Board and Management Proceedings, and an Insider Trading Policy.

1.2 Purpose

This Policy includes measures implemented for the purpose of clarifying the division of roles between the shareholders, the Board and the executive management more comprehensively than what follows from applicable legislation, and for ensuring an efficient management of and control over the Company's operations. The main goal is to have systems for communication, monitoring, accountability and incentives that enhance and maximise corporate profit, the long-term health and overall success of the business, and the shareholders' return on their investment. The development of and improvements on the Company's corporate governance is a continuous and important process, to which the Board and the management will devote a strong focus.

1.3 Regulatory framework

The Company is a Norwegian public limited liability company (ASA) listed on Oslo Børs (the Oslo Stock Exchange).

The Company is subject to the corporate governance requirements set out in the Norwegian Public Limited Liability Companies Act 1997 (the "**NCA**"), the Norwegian Securities Trading Act of 2007 (the "**STA**") and the Norwegian Stock Exchange Regulations (the "**SER**").

Any deviations from the guidelines provided in the Code will be explained in accordance with the "comply or explain" principle of the guidelines. The status of compliance in respect of each recommendation provided in the Code will also be set out in the Company's annual report in accordance with the requirements of section 3-3b of the Norwegian Accounting Act.

1.4 Management of the Company

Management and control of the Group is shared between the shareholders, represented in the General Meeting, the Board and the Chief Executive Officer ("**CEO**") according to applicable company law. The Company has an external independent auditor elected by the General Meeting.

1.5 Corporate values and ethics
Oceanteam is an offshore service provider. Oceanteam provides high-quality support to offshore contractors all over the world through its fleet of large and advanced offshore vessels (Oceanteam Shipping), and its expertise in marine equipment, cable logistics and design engineering (Oceanteam Solutions).

The Company is most conscious with regards to the environment. The fleet consists of modern vessels and great efforts have been made to ensure that pollution is kept on a minimum.

The Company holds certificates to the ISO 9001, ISO 14001 and OHSAS 18001 standards for quality, environmental and health & safety management.

The Company further strives to maintain a high ethical standard. All employees are repeatedly reminded of the importance of ethics and a full set of guidelines to that effect is in the process of being completed.

2 BUSINESS
The operations of the Company shall be in compliance with the business objective set forth in its Articles of Association.

The Company's business purpose reads as follows:

"The objective of the company is sale, purchase, contracting, acquiring, lease and operation of vessels and equipment with associated services directly through wholly or partly owned subsidiaries. The company may sell assets, including shares in subsidiaries, and invest and participate in other companies"

3 Board of Directors
3.1 Role
Oceanteam shall be directed by an efficient Board with collective responsibility for the success of the Company. The Board represents, and is accountable, to the shareholders of the Company.

The Board´s duties shall include the strategic guidance of the Company, an effective monitoring of the senior management, the control and monitoring of the financial situation of the Company and the Company's accountability towards and communication to its shareholders.

The Board shall ensure that the Company is well organised and that its operations are carried out in accordance with all applicable laws and regulations, in accordance with the objects of the Company pursuant to its Articles of Association, and with guidelines given by the shareholders through resolutions in general meetings from time to time.

In order to ensure efficient and thorough working procedures, the Board may appoint one or more working committees to prepare matters for final decision by the Board as a whole. The appointment, composition and mandate of such committees shall be made in due consideration of issues such as the nature of the matter or project at hand, and the particular skills required (if any) to enlighten all aspects of the matter in the best possible manner.

Within a working committee, its members may delegate among themselves specific tasks. If the load of work and the particular skills required for a certain matter or project are found to be such that it would not be reasonably compensated within an ordinary directors' remuneration, or if work is to be assigned to any company associated with a director, the committee shall present the issue to the Board and seek its approval before any additional work is carried out or any assignments made. Further reference is made to section 4.1.

According to the Code (section 9) companies are recommended to appoint board committees composed of board members independent from the Company's executive personnel in order to help ensure thorough and independent preparation of matters relating to financial reporting and compensation paid to the members of the executive management. At this point in time no such committee has been established, mainly due to the fact that the Board currently only has, and in the foreseeable future most likely will only have, between 3 and 5 members. Nevertheless, matters to be resolved by the Board are properly prepared by one or more board members in cooperation with the management.

The Board shall initiate such investigations as it deems necessary in order to carry out its responsibilities. The Board shall also initiate such investigations as may for time to time be required by one or more Board Members.

3.2 Financial control

3.2.1 Supervision

The Board shall ensure that it is updated on the financial situation of the Company and has a duty to ensure that the Company's operations, accounting and asset management are subject to satisfactory control. The Members of the Board have full and free access to officers, employees and the books and records of the Company. The Board shall ensure that the CEO reports monthly to the Board on the Company´s activities, position and financial situation.

3.2.2 Adequate capitalisation

The Board shall evaluate whether the Company's capital and liquidity are adequate in relation to the risks and the scope of the Company's operations at all times and whether it fulfils the minimum requirements established by law or regulation. The Board shall immediately take adequate measures should it be apparent at any time that the Company's capital or liquidity is less than adequate.

If the Board requests the general Meeting to issue a power to increase the share capital, the Board will ensure that that the increase is designated to a specific purpose. If several purposes are of relevance, each purpose should be dealt with separately in the General Meeting.

3.3 Composition

3.3.1 Number of directors

The Board shall have between three and nine directors including Chairman of the Board, cf Section 5 in the Company's Articles of Association.

The Company has currently no employee representatives on its Board of Directors.

3.3.2 Independent directors

The Company shall have a majority of directors that are independent from its management and main business partners, and no representatives of the management shall be a member of the Board. Further, the Board shall include at least two directors that are independent of the Company's major shareholders, i.e. shareholders holding more than 10% of the shares.

Independence shall for these purposes mean that there are no circumstances or relationships that are likely to affect or could appear to affect the director's independent judgement. The test of independence includes whether the independent director:

- has been an employee of the Company in a senior position for the last five years
- has received or receives additional remuneration from the Company apart from director's fee or participates in the Company's share option or performance related pay scheme
- has for the last three years had a material and regular business relationship with the Company
- has close family ties with any of the Company's directors or senior employees
- has for the last three years been a partner or employee of the accounting firm that currently audits the Company

The Directors of the Board are encouraged to hold shares in the Company.

3.4 Appointment and termination – Nomination and Remuneration Committee

The directors are appointed by the shareholders in a general meeting for a period of two years. The general meeting also elects the Chairman of the Board. The shareholders in a general meeting can resolve to remove directors.

At the present time, the Company has chosen not to operate a Nomination and Remuneration Committee, thereby deviating from section 7 and 9 of the Code. However, at the extraordinary general meeting held 21 December 2015 it was resolved to lay down a Nomination and Remuneration Committee in the Articles of Association. Members to the committee will be elected at the annual general meeting to be held within June 2016. When adopted, the committee shall consist of two members elected by the shareholders in a general meeting and the General Meeting shall set out guidelines for the committee.

The Committee shall make recommendations to the general meeting on the appointment and removal of directors. The committee shall work towards a composition of the Board where due consideration is taken to commitment to shareholders return, independence and experience in the relevant sectors. The committee should have contact with shareholders, the Board and the Company's executive personnel as part of its work on proposing candidates for election to the Board. The Company should provide information on the membership of the committee and provide suitable arrangements for shareholders to submit proposals to the committee for candidates for election.

The Board will, to the extent possible, ensure that, in matters of a certain substance where the chairman is or has been actively involved prior to the board meeting (such as acquisitions, mergers etc.), another board member will be appointed to chair the board meeting during the Board's review of such matters, regardless of whether or not the chairman might be considered disqualified pursuant to § 6-27 of the NCA.

3.5 Proceedings

More detailed provisions on the role, the proceedings and confidentiality obligations of the Board and the CEO are set out in a separate document on Procedure for the Board of Directors and CEO adopted by the Board on 30 October 2006.

3.6 Annual evaluation

The Board will annually, in connection with the first board meeting in each calendar year, evaluate its performance in the previous year. The evaluation shall include its own performance, the performance of any sub-committees and the performance of the individual directors. In order for the evaluation to be effective, the Board shall set objectives, on both a collective and individual level, against which their performance can be measured. The results of the evaluation shall not be made available to the public, but to the Nomination and Remuneration Committee if appointed pursuant to section 2.4.

3.7 Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems shall encompass the Company's corporate values and guidelines for ethical and corporate social responsibility. The Board will carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. In compliance with section 3-3b of the Norwegian Accounting Act, the Board will provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

4 Remuneration of directors and management

4.1 Remuneration of Directors

The remuneration of the directors shall be determined by the shareholders in a general meeting and be disclosed in the annual accounts of the Company. Any remuneration in addition to normal director's fee shall be specifically identified.

The Nomination and Remuneration Committee makes recommendations to the general meeting in respect of annual remuneration of all directors.

The Directors, or companies to whom they are associated, shall not accept other appointments or engagements for the Company, without the Board's knowledge. In such cases the terms of appointment, including any remuneration shall be approved of by the Board.

The remuneration of the Board shall not be linked to the Company's performance and the Company shall not grant share options to members of its board.

Directors shall be encouraged to invest part of their remuneration in shares in the Company at market price.

4.2 Remuneration of executive personnel

The Board shall adopt a statement with guidelines in respect of the remuneration of executive personnel that is to be considered by the general meeting. The statement should be a produced as a separate appendix to the notice for the annual general meeting. The guidelines for remuneration of executive personnel should clearly state which aspects of the guidelines are advisory and which, if any, are binding (equity-based remuneration). Based on this division, separate votes should be held on these aspects of the guidelines at the general meeting.

Remuneration to the CEO shall be determined by the Board in meeting. To this end, the Board has accepted that the present CEO is remunerated through a management service agreement made between the Company and a legal entity owned and controlled by the CEO.

All elements of remuneration to the CEO, and the total remuneration for management shall appear from the annual report.

The Company has at the present time a performance related incentive to management employees. The incentive cannot exceed one year's annual salary.

4.3 Severance payments

No employees of the Group shall have employment contracts granting notice periods of more than 12 months.

5 Disclosure and transparency

5.1 General

The Company shall at all times provide its shareholders, the stock market (Oslo Børs) and the financial markets generally (through Oslo Børs' information system) with timely and accurate information. Such information will take the form of annual reports, quarterly interim reports, press releases, stock exchange notifications and investor presentations, as applicable. The Company shall seek to clarify its long-term potential, including its strategy, value drivers and risk factors. The Company shall maintain an open and proactive investor relations policy, a best-practice website and shall give presentations regularly in connection with annual and interim results.

Generally, the Company shall disclose all insider information. The Company will under all circumstances disclose certain events including, without limitation, board and shareholder resolutions regarding dividends, mergers/de-mergers or changes in share capital, issue of warrants, convertible loans and all agreements of material importance that are entered into between group companies or related parties.

5.2 Communication with shareholders

The Chairman and other directors shall make themselves available for discussions with the major shareholders to develop a balanced understanding of the issues and concerns of such shareholders, subject always to the provisions of the NCA, the STA and the SER. The Chairman shall ensure that the views of shareholders are communicated to the entire Board.

Information given to the Company's shareholders shall simultaneously be made available on the Company's web site.

6 Fair treatment of shareholders

6.1 General

The Board shall take into account the interest of all the shareholders of the Company and treat all shareholders fairly. There is and will remain to be only one class of shares and all shares are and will remain freely transferrable. If and when applicable, the reason for any proposed deviation from the pre-emptive rights of shareholders to participate in new share capital increases will be explained and included in notifications to the market.

6.2 Approval of agreements with shareholders and other related parties

All transactions that are not immaterial between the Company and a shareholder, a director or senior manager of the Company (or related parties to such persons) will be subject to a valuation from an independent third party. If the consideration exceeds 5 % of the Company's share capital such transactions shall be approved by the shareholders in a general meeting, to the extent required by the NCA Section 3-8.

The directors and senior management shall notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

7 Audit

Under Norwegian law, the Company's auditor is elected by the shareholders in a general meeting.

The Board shall make recommendations to the general meeting on the auditor's appointment, removal and remuneration and shall also monitor the auditor's independence, including the performance by the auditor of any non-audit work. The Board will at least once a year have a meeting with the auditor without the presence of any representatives from the management. In the Management Code, the Board has adopted guidelines for the management's use of the Company's auditor for non-audit work.

The Board will inform the shareholders in the Annual General Meeting (the "**AGM**") on the auditor's fees specified on audit and non-audit work respectively.

In accordance with the Code, the Company is in the process of establishing an audit committee. However, for the time being the Company meets the criteria in Section 6-41 (2) of the NCA to be exempted from the requirement to elect an audit committee, and the Board has chosen not to establish such committee. An audit committee will be elected as soon as the Company does not fall within the said criteria.

The auditor shall annually present a plan for the auditing work to the Audit Committee or to the Board and have at least one annual meeting with the committee or the Board to go through the Company's internal control systems and to identify possible weaknesses and potential areas of improvement.

8 Dividend policy

The Company's objective is to yield a competitive return on invested capital to the shareholders through a combination of distribution of dividends and increase in share value. In evaluating the amount of dividend, the Board of Directors places emphasis on certainty, foreseeability and stable development, the Company's dividend capacity, the requirements for sound and optimal equity capital as well as for adequate financial resources to enable future growth and investments, and the ambition to minimise the cost of capital.

The Company is currently increasing its business activities and hence expects to distribute only limited if any dividends during the next few years.

The annual general meeting can resolve to grant a mandate to the board of directors to approve the distribution of dividends on the basis of the approved annual accounts. Such a mandate should be based on the existing dividend policy. The explanation for the proposal to grant a mandate should state, inter alia, how the mandate reflects the Company's dividend policy.

9 Shareholder meetings

The shareholders represent the ultimate decision-making body of Oceanteam through the general meetings.

The AGM of the Company will be held each year within the end of June. The AGM shall approve the annual accounts and report and the distribution of dividend, and otherwise make such resolutions as required under applicable laws and regulations.

The Board may convene an extraordinary general meeting ("EGM") whenever it deems it appropriate or when otherwise such meetings are required by applicable laws or regulations. The Company's auditor and any shareholder or group of shareholder representing more than 5 % of the current issued and outstanding share capital of the Company may require that the Board convene an EGM.

The Board will make arrangements to ensure that as many shareholders as possible are enabled to exercise their shareholders rights by attending the general meetings, and that the general meetings become an active arena for meetings between the Board and the shareholders by inter alia:

- Posing the summons together with the agenda and all documents pertaining to each matter on the agenda on the Company's web-page not later than on the 21st day prior to the date of the meeting (except when otherwise decided by the general meeting, cf NCA section 5-11b) irrespective of whether or not the Company also resolves to summon the meeting by way of other forms of communication mail, facsimile or other electronic means (e-mail), ref § 7 in the Company's articles of association.

- Posing in the same manner on the web-page information about the total number of shares and voting rights at the date of the summons, as well as any draft resolutions, or if the meeting is not required to pass a resolution, a statement from the board in respect of each item on the agenda, and any forms required to be used in order to vote by proxy or by letter, unless such forms have been submitted directly to each shareholder.

- Ensure that the shareholders are adequately informed about their right to vote by proxy and of the procedures to be observed in doing so.

- Ensure that the summons, the documents and any further supporting material is sufficiently detailed and comprehensive in order for the shareholders to understand and form an opinion on the matters at hand.

- Ensure that the summons will specify that any shareholder wishing to attend the general meeting must notify the Company within a certain time limit stated in the notice, which must not expire earlier than five days before the general meeting, ref § 7 in the Company's articles of association. Shareholders failing to notify the Company within the specified time limit may be denied entrance to the general meeting.

- Ensure that the shareholders' are adequately informed about their right to submit proposals to be resolved by the general meeting, cf NCA § 5-11 and that proposal which are received within 7 days prior to the date of the summons are included in the summons. If the summons has already been sent, new summons shall be issued provided that the deadline for summoning has not been exceeded.

- Ensure that all other applicable provisions of the NCA, the Regulation on shareholders meetings of 6 July 2009 no 983 ("Generalforsamlingsforskriften") and section 5-9 of the STA are observed and complied with.

The Company will publish the minutes from general meetings on its web-site within 15 days from the date of the meeting and will also keep them available for inspection at the Company's offices.

The Board will not make contact with shareholders of the Company outside the general meeting in a way that may unfairly discriminate between the shareholders or infringe on any applicable laws or regulations.

The Board shall adopt procedures that ensure an independent chairing of the general meeting.

The directors, the Nomination and Remuneration Committee if appointed, and the auditor shall attend the general meetings.

10 Change of control, takeovers

10.1 General

The shares in Oceanteam are freely transferable, and the Company shall not establish any mechanisms that may hinder a takeover or deter takeover-bids, unless this has been resolved in a general meeting by a two-third majority (of votes cast and share capital represented). However, the Board may, in the case of a takeover-bid, take such actions that evidently are in the best interest of the shareholders, such as, inter alia, advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder ("white knight"), always provided that the Board should not hinder or obstruct any take-over bids for the Company's activities or shares

In the event of a take-over bid for the Company's activities or shares, the Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. The Company's Board of directors shall issue a statement including a recommendation as to whether shareholders shall or shall not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it shall explain the background for not making such a recommendation. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board shall arrange a valuation from an independent expert. The valuation shall be published and explained at the latest at the same time as the Board's statement.

10.2 Overview of Norwegian statutory provisions on takeovers

10.2.1 Voluntary offer

An offer to acquire shares in Oceanteam which, if accepted, trigger an obligation to put forward a mandatory offer must be made in an offer document and according to the requirements for voluntary offers set forth in the STA.

10.2.2 Mandatory offer

Subject to certain exceptions, a mandatory offer has to be made in the event an acquirer (together with any concert parties) acquires more than 33%, 40% or 50% of the voting shares in the Company.

The requirement to make a mandatory offer is triggered when a purchaser becomes the owner of such percentage of the shares. A mandatory offer must be made within four weeks after the threshold was passed. The only alternative to a mandatory offer at this stage is to sell a sufficient number of shares to fall below the relevant threshold.

All shareholders must be treated equally and the price to be paid is the higher of (i) the highest price paid by the purchaser during the last six months, and (ii) the market price when the obligation to make the mandatory offer was triggered The offer must be made in cash or contain a cash alternative at least equal in value to any non-cash offer.

10.2.3 Compulsory acquistion ("squeeze out")

Compulsory acquisition of the remaining shares may be initiated by a shareholder who holds more than 90% of the shares and voting rights. The acquisition is initiated through a Board decision of the shareholder and payment of the price offered. Failing agreement between the parties, the price shall be determined through a valuation by the court, but the acquiror will obtain title to the shares immediately.

Bergen, December 2015
The Board of Directors of Oceanteam ASA

Hessel Halbesma
Chairman

Catharina Pos
Director

James Hill
Director

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Directors' report 2015

About Oceanteam Shipping

Oceanteam is an offshore service provider company. Oceanteam provides high quality support to offshore contractors all over the world through its fleet of large and advanced offshore vessels (Oceanteam Shipping), and its expertise in (rental) marine equipment, cable logistics and design engineering (Oceanteam Solutions).

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

For more information about the company: www.oceanteam.no

The Company ticker on the Oslo Stock Exchange is "OTS" (www.ose.no).

Operations 2015

Oceanteam Shipping

Since 1 February 2012, CSV Bourbon Oceanteam 101 has been on a time charter with Oceaneering/ BP Angola for a firm period of three years with two times a one-year option to extend. In 2014, Oceaneering exercised both one-year options, extending the charter to February 2017. The vessel was fully utilised in 2015.

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 times one-year option for extension.

Lay Vessel North Ocean 105 was delivered in 2012 and has since been on a five-year contract with McDermott operating globally as a pipe lay vessel. In 2015 the vessel was fully utilised, mainly operating in the Far East. As of March 2015, its original time charter contract was converted into a bareboat agreement, which has decreased Oceanteam's operational risk.

Oceanteam Mexico SA de CV operates two Fast Support Vessels (FSVs), Tiburon and Mantarraya. The contracts are extended to mid-2016 with two times a one-year option to extend. Both vessels were fully utilised up to 1 December 2015, followed by a maintenance period that will be concluded in the second quarter of 2016.

Oceanteam 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.

Oceanteam Solutions

Not only did the Group change its name in 2015, so did our marine asset division. RentOcean will now operate under the name Oceanteam Solutions in order to further emphasise the integration of the Company. Oceanteam Solutions will continue to deliver high-end engineering know-how and equipment capabilities into a single service to its clients.

The division increased its level of activity with several new contracts in 2015. One of our clients went into bankruptcy proceedings which affected the business unit numbers heavily for the third quarter considering non-paid debt, demobilisation cost and damages. However, all equipment was secured and ready for use in the fourth quarter where it was mobilised for its next project.

“The Next Step” 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. The programme was fully implemented within Oceanteam Solutions by the end of 2015.

Highlights for Oceanteam Solutions in 2015 include:

- 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.
- Spooling of cable in the Middle East with our own powered quadrant and operators.
- Operating a long-term contract consisting of a modular 2000T turntable and a loading tower with a built-in 15T tensioner.
- Execution of long-term cable storage and cable handling contracts for key offshore wind operators.
- A contract consisting of supplying a cable-laying deck spread for a project in Mexico.
- Execution of a long-term contract for supply of a 3000T onshore turntable in the Netherlands.
- Execution of a contract for supply of a portal with a built-in powered quadrant in the Netherlands.

Oceanteam Solutions – additional engineering services

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.

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 that could prove very attractive to the offshore wind industry and could strengthen KCI’s position. The technology will reduce installation time by 30%, 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.

By the end of 2015, KCI had over a hundred engineers working on multi discipline service contracts such as the following:

- 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.
- Eductor 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.
- Concept, basic and detail design of a major innovative landmark project in the Middle East.
- Redesign of two walk to work systems for mono hull vessels.
- Design of foundation for a 4000T modular turntable.
- Onshore gas field development for three well sites.
- Development of a quadrant flexible pipe and cable handling system.
- 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.
- 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.

- Onshore gas field development for three well sites in the Netherlands (from concept study to detailed design and procurement services).
- Development of a quadrant handling system (patent pending).

DOT Shipping
In March 2014 Oceanteam took a 40 percent stake in the newly founded joint venture DOT Shipping together with 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.

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 (100 million pro rata). 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 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 29 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 utilisation 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 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, Oceanteam Solutions successfully finalised 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 and has the knowledge, skills and financial platform to grow.

Corporate responsibility

Corporate Responsibility at Oceanteam is a matter of making good and sustainable business decisions. The Company considers Corporate Responsibility a strategic benefit that adds value to the Company, its stakeholders and society. The goals of the Company regarding corporate responsibility are to increase the positive effects and reduce potential negative consequences of its operations.

Oceanteam maintains an active dialogue with internal and external stakeholders on Corporate Responsibility (CR) matters to ensure that the Company's CR work is relevant to its market and strategy while meeting the needs and expectations of our stakeholders. We will seek continuously to engage individual stakeholders on specific issues and needs.

As part of our responsibilities towards internal and external stakeholders, the Company has a number of policies expressing its position on governance matters that include safety, environment, business ethics and integrity. The Board of directors is ultimately responsible for CR and governance activities. Development and oversight of the Corporate Responsibility as well as performance and reporting is delegated to the management.

Oceanteam holds DNV GL certificates for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards for quality, environmental and health and safety management.

Professional standard

The Company Code of Conduct applies to all employees and stands above all other company policies and guidelines. The Code of Conduct covers topics including bribery and facilitation payments, conflicts of interest, fair competition as well as gifts and hospitality, human rights, sponsorship and whistleblowing.

All permanent employees and managers at Oceanteam must confirm annually that they have read the Code of Conduct and that they have carried out their tasks and responsibilities in accordance with the Code during the previous year. We also require suppliers, subcontractors, representatives and other contracting parties of Oceanteam to confirm adherence to ethical standards.

Working environment

At the end of 2015, the Company employed 128 people - plus 180 contractors and marine crew - with various background and roots from all over the world, bringing together a broad mix of cultures. The people within Oceanteam are a crucial factor in the entire process of creating value for our clients. HR's contribution to the business is a focus on maintaining an excellent workforce and committed people.

Oceanteam takes a systematic approach to the performance and achievements of the employees and an on-going commitment to their development. The aim is to encourage, acknowledge and continuously develop employees. Uniform job profiles for the Group are designed and implemented through the PMS, which helps ensure our workforce is put to good use in an optimal fashion for and within Oceanteam and its clients. Through the PMS, our employees are challenged to continuously develop and remain up-to-date evolving market stand. The Company encourages its employees continuously to increase their knowledge through training and project management courses.

Leave of absence due to illness remained at a low level in 2015, and the Company will continue to make efforts to keep absence as low as possible. While the working environment is considered to be good, efforts for further improvement are made on an on-going basis.

Equal opportunity

Oceanteam is fully committed to meeting its obligation to provide equal employment opportunities to all employees and applicants without regard to race, colour, religion, gender, national origin/ancestry, citizenship, age, sexual orientation, disability or other protected status. Most of Oceanteam's employees work in the Netherlands, but a significant portion of the staff represents other nationalities, backgrounds and cultures. Our employees are highly skilled engineers, technicians and financials of which 78% are male and 22% female.

The discrimination act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. Oceanteam is actively and systematically working to comply with the act's intention within our business and actively to avoid discrimination in the fields of recruiting, salary and working conditions, promotion, development, opportunities and protection against harassment.

Safety

At times the Company engages in work under challenging conditions, making it imperative to maintain the safety of employees and customers, subcontractors, consultants and other parties. The foundation for this continuous diligence is the Company's HSE management system and the Integrated Management System (IMS) as well as regular Risk Assessments.

The Company's QHSE department is instrumental to the development of our employees to ensure that they are safe and comply with all relevant QHSE legislation. This is done through involvement in our introduction process and attendance at various mandatory training courses. Oceanteam requires all employees to adhere strictly to its policies and procedures. The Company rigorously enforces its obligation to ensure both the appropriate training and competences for the task in hand and the awareness of each employee of their rights and obligations in maintaining a healthy and safe workplace.

An important HSE goal for 2015 was to achieve zero Health Safety and Environmental accidents. In 2015, no large-scale accidents or incidents were recorded in the Oceanteam group. Nor were any personal injuries reported in any Oceanteam company in 2015. However, any and all reported incidents and accidents are always followed up with an investigation that is recorded and filed. The cause and solution of the investigation are recorded in a public accessible database.

Natural environment

The desire to minimise harm to the natural environment continues to be a prime objective. Oceanteam's ISO 14001: 2004 certification and the Integrated Management System ensure a systematic approach to environmental management and continuous improvement throughout the Group.

The identified main aspects and potential negative impact from Oceanteam operations and locations are the use and transfer of oil, general waste production and pollution from waste oil and waste cooling fluids. Mitigating activities to reduce impacts and potential negative impacts include spill kits available on-site, work instructions for waste reduction and sorting and waste transfer notes kept on site. Oceanteam Solutions require smaller amounts of oil-use in their operations, and use only biodegradable oil to ensure minimum environmental risk. The results of the environmental risk mitigation work in 2015 are deemed to be satisfactory, with zero reported leakage or spillage incidents.

Safe and high quality vessels designed with the natural environment in mind are our most important mitigating precaution. All Oceanteam vessels are designed and built in accordance with the latest environmental rules and guidelines in order to enable our clients to operate our vessels with the lowest environmental impact.

As such, all our large vessels have DNV GL CLEAN design class notation, double hull, engines complying with latest requirements for emissions and the use of MDF (Marine Diesel Fuel) to lower emissions. In addition to this, all vessels have advanced garbage and disposal treatment systems.

Business ethics and anti-corruption

Oceanteam's position on corruption is clear: we have zero tolerance and work against all forms of corruption, including bribery and facilitation payments. We are committed to fair and open competition and do not engage in any anti-competitive practices or other activities that violate antitrust laws or directives. The Code of Conduct covers topics including bribery and facilitation payments, conflicts of interest, fair competition as well as gifts and hospitality, human rights, sponsorship and whistleblowing.

We communicate this position to employees, customers, governments and public officials in the locations where we operate. The Company provides a whistleblowing channel to encourage reporting of any breaches.

Human rights, labour standards and social aspects

Oceanteam is present in parts of the world where human rights and labour rights are at risk and where the Company could become complicit in violations through its own activities or indirectly through the supply chain. The Company supports and respects human rights as expressed in the UN Guiding Principles on Business and Human Rights, and endeavours not to be complicit in any human rights violation. Safeguarding the human rights of the workforce, our subcontractors and suppliers is a high priority and is integrated in the Company's employee policies. Oceanteam treats employees fairly, honestly, with dignity and respect. The Company provides equal opportunities for all employees and is committed to high standards of openness, decency and integrity.

Oceanteam takes appropriate legislation and applicable regulations in consideration when developing processes, procedures and policies related to employee and industrial relations/labour standards. We are doing this with the clear intention to deliver "best practice".

We also require suppliers, subcontractors, representatives and other contracting parties of Oceanteam to confirm adherence to our ethical standards.

Going concern

In accordance with the Accounting Act § 3-3a Oceanteam ASA confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2016 – 2018 and the Group's long-term strategic forecasts. The market has been experiencing a downturn which has had a direct impact on the performance and liquidity of the group. Liquidity forecasts going forward are showing positive cashflows however are dependent on some key events, some of which are outside the control of the group. The key events assumed in the cashflow forecasts for the next 12 months include new loan facilities for which term sheets are in progress or have been received. In addition there are assumptions related to the timing of receipt of termination fees and also assumptions related to new orders expected during Q2. If one or more of these events does not occur or is significantly delayed this would require immediate remediation and alternative measures in order to ensure the going concern of the group. However, the Company mitigates the constraint through various actions. Reference is made to the disclosures for detailed information about various risks and how the Company is mitigating these. The annual report of 2015 is available on www.oceanteam.no

Comments related to the financial statements

Operations

Revenue in the Group decreased from USD 66.9 million in 2014 to USD 57.0 million in 2015. The decrease was related to McDermott excercising the purchase option for the North Ocean 102 vessel, leaving Oceanteam with 3 CSV vessels compared to 4 CSV vessels in 2014. At the same time, the Company increased its revenues and earnings from the Solutions segment.

In 2016, 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.

"We are very pleased with this settlement and that the company can finally close this case. After 5 years in the Norwegian courts, the case status was at a point where there were still no final conclusions made on the subject matter of the case. Considering the different priorities of the company, we are pleased to now fully focus on providing offshore solutions, says CEO Haico Halbesma".

The Company still considers taking Aksel M. Okland of North Sea Shipping to court. Oceanteam has provided for all costs of the court case.

Administration costs have been reduced significantly due to the implemented cost effectiveness programme "The Next Step". This program has led to an increase of the Group's product portfolio in the Solutions segment.

As of 2012 until closing the EBITDA for 2015, the EBITDA ratio has increased from 43% to 51% closing the 2015 financial statement. This is a 6% increase compared to the 45% EBITDA achieved in 2014. The Group's target is to maintain this ratio above 50% going forward.

The Company's senior bond loan denominated in USD has reduced the overall currency effects significantly. The foreign exchange results are affected by the fluctuations in EUR and NOK against the USD reporting currency.For the Company the volatile foreign exchange rate fluctuations have been positive due to decreased costs in EUR, NOK and MXN while the main bulk of income is in USD.

Net financial costs are mainly interest payments for the USD bond loan and bank interest for the three CSV vessels. The reduction of 4.1 million USD in annual interest payment is mainly caused by the repayment of USD 35 million in April 2015, and the Group including more new flexible financial facilities.

Deferred tax losses from previous years have been marginally capitalised. The change of the deferred tax assets in 2015 is related to the market outlook in general, but the Company sees improvement in earnings and forecasts of Oceanteam Solutions' business based on new contracts that would increase the Company's deferred tax asset going forward.

The Group's net result before the decrease of carrying amount from revaluation of its vessels is a profit of USD 1.7 million compared to USD 3.1 million in the year 2014. The Group's net result after the revaluation of its vessels is a loss of USD 13.2 million.

The Board and management are continuously working to improve the financial performance and see a positive development in order-backlog, earnings and growth for 2016. The Company's target is to pay dividend in 2018.

Investments

For the year 2015 the Group shows a total of operational investments of USD 8.4 million. The investments have been allocated to Oceanteam Solutions and DOT Shipping, relating to a large Deepwater Offshore Construction Service vessel currently under construction.

Senior callable bond issue 2012/ 2017

The Company issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012. The net proceeds were used to refinance an existing NOK bond loan. USD 35 million were repaid in April 2015 with a pro rata redemption at 100% par value. The remaining amount of USD 57.5 million will mature at the final maturity date of 24 October 2017. The Company is making good progress in selecting its route to refinance the Bond before its maturity date.

Secured bank revolver for new equipment

In April 2015, the Company secured a EUR 15 million revolver facility to fund growth in Oceanteam Solutions. This facility together with some smaller facilities have increased the flexibility and speed of growth of the Solutions segment.

Interest rate and financial covenants

The balance of secured bank debt is USD 53.7 million and the bond loan is USD 57.5 million at the end of 2015. The bank debt has a 5 years tenor with quarterly repayments and a balloon at its fifth anniversary due in July 2017. The bond loan is divided into two installments where USD 35 million has been repaid as planned in April 2015 and USD 57.5 million is due October 2017.

The key financial covenants of the bond for the Company to maintain are booked equity and market adjusted equity above the minimum of 35% and 25%. There is also a gearing ratio and debt service coverage ratio. The gearing ratio being the ratio of net interest bearing debt divided by EBITDA, of 6.0 for the two first years and then decreasing to 5.5 and 5.0 on the second and third anniversary until the maturity date in 2017. And the debt service coverage ratio being the ratio of EBITDA divided by net interest expenses and amortization excluding bullet repayments. The Company has sufficient margins to its financial covenants, but the tight liquidity in the market also affects the pace of liquidity flow for the Company and its customers.

The bond loan is callable from October 2015 with a call premium of 106% reducing to 103% after October 2016. Furthermore, there are clauses that restrict dividends, change of control and maintaining the OSE listing. The Company aims to refinance the bond loan in combination with its refinancing plans for the CSV assets, Bourbon Oceanteam 101 & Southern Ocean, and the likeliness that McDermott is exercising its purchase option for 25% of shares in the Lay Vessel North Ocean 105. Combing new capital structures for the Solutions segment is also planned to increase earning units, stable higher performance for the Group, and increase the credit rating for the Company.

Capital structure

Approximately 52% of the revenue in the Group is in USD (Shipping) while the remaining 48% is in EUR (Solutions). The dividend stream up to the parent company Oceanteam ASA comes from the activities of the vessels in the joint ventures, associates, subsidiaries and Oceanteam Solutions.

The revaluation premium of USD 8.2 million, which is the difference between the historical costs and the fair market values, has decreased overall during the year due to the decreased demand in the market and decline of the oil price. Oceanteam has, during its interim reporting in 2015, gradually written down its CSV assets compared changes into the revaluation model and the total decrease in the financial statement is USD 26.3 million in 2015.

The Company's financing strategy is to create the most efficient capital structure for its business developments with the lowest possible weighted average cost of capital. During 2015, the Company has reduced its net finance expenses with 4.1 million USD and at the same time increased its flexibility in more diversified capital instruments and capital sources.

All North Ocean assets are organised in single purpose companies where the CSV vessels are leveraged with a long term debt. Balances on the loans for the CSV Bourbon Oceanteam 101 and Southern Ocean are due with a balloon payment in the third quarter of 2017. The re-financing plan is being prepared in combination with the potential new charter schedule for the CSV Bourbon Oceanteam 101.

McDermott has its execution right of purchasing the Lay Vessel North Ocean 105 until mid 2017, where the financing is ending in 2020. McDermott has fully guaranteed the financing of the vessel with a 100% parent company guarantee.

Oceanteam has a disciplined financial strategy.

The Company is exposed to financial risk in different areas. Financial risks include interest rate and currency fluctuations, and investment and trading risks in general. The overall strategy to reduce currency risk is largely based on natural hedging. Natural hedging means having revenue and costs in the same currency on project basis. In some cases, the Company's interest rates strategy includes the use of interest swap agreements for loans.

The Company's objective for its financing strategy is to create the most efficient capital structure for its business developments with the lowest possible weighted average cost of capital, but at the same time to have flexible capital sources that support the businesses in its growth.

For a more detailed description of risks connected to the revaluation model, see the Risk section of this report and notes three and four of the consolidated financial statements.

Market values of the shares

The shares on the Oslo Stock Exchange were priced at NOK 3.50 on 7 April 2016 which gives a market valuation of the Company of NOK 104 million taking into account the share volume of 29.6 million shares. The Company owns 10% treasury shares, which is a hidden asset reserve in the books. The booked equity is significantly above the Company's share market value and the equity ratio is 42.6% compared to the financial covenants for the bond loan for 35%.

The Board's and management's view is that the book value is a better reflection of the fair market value of the Company and its potential than the market value of the shares reflected in the share price. This can be seen in the positive development of the equity in the parent company Oceanteam ASA which has positive returns on its investments in its subsidiaries.

There are no restrictions in the Company's articles of associations for trading the shares.

Balance sheet

Oceanteam applies a revaluation model according to IAS 16 for the valuation of its Construction Support Vessels in operations. The effects of applying the revaluation model in 2015 amounted to negatively USD 26.3 million, consisting of the vessels CSV Bourbon Oceanteam 101, CSV Southern Ocean and Lay Vessel North Ocean 105.

Total assets at year-end amounted to USD 232 million, compared to USD 310 million in the prior year. Equity as a percentage of total assets was 42.6% as of 31 December 2015, compared to 43.8% as of 31 December 2014. As of 31 December 2015 and for the reporting date the Company complied with all its financial loan covenants.

Oceanteam Shipping has a deferred tax asset total USD 5.3 million booked on its balance sheet and has a large deferred tax asset that is not yet on the balance sheet. With the expected increased earnings from its Solutions business, the booked deferred tax asset is expectedly to be utilised in full.

Cash flow

Net cash flow from operating activities amounted to USD 15.5 million in 2015 compared to USD 31.2 million in 2014.

Net cash flow from investing activities was negative with USD 2.0 million in 2015 against positive USD 12 million in the preceding year. The change is mainly driven by the execution of the McDermott option for the vessel CSV North Ocean 102, the Company's investment in new high-end assets for its Solutions segment and for the new-build CSV in DOT Shipping.

Net cash flow from financing activities amounted to negative USD 53.0 million compared to negative USD 14.3 million in 2014. New debt was drawn for 5.5 million, while 47.9 million of debt was repaid. Per balance sheet and reporting date the Company owns 10% treasury shares valued at approximately USD 1.3 million in market value.

Net change in cash and equivalents was negatively with USD 39.8 million in 2015 compared to positive USD 28.9 million in 2014.

Parent company

The parent company, Oceanteam ASA, showed a loss of USD 1.2 million. The negative result was attributable to less dividends from equity accounted investments and subsidiaries from both the Shipping and Solutions operational segments, with a total of USD 13.9. The parent company's share capital per year-end 2015 amounted to USD 3.6 million with a total equity of USD 41.2 million. Net change in cash amounted to negative USD 35.1 million, whereof negative USD 12.6 million can be attributed to operating activities. The parent company is reporting its financial statements in USD as this is its functional currency and is in line with the Group reports.

Risk

A number of risk factors may adversely affect Oceanteam in the future. Please note that the risks below are not the only risks that may affect Oceanteam's business or the value of the shares. Additional risks not presently known to the Board or considered immaterial may also effect its business operations and projects. Development of the business and changes in market conditions can also lead to new risk areas that previously were not applicable. During 2015 the oil price reduced significantly with its lowest price at the start of the year 2016. Oceanteam's focus on diversification of its activities and market sectors has borne fruit during this difficult period. The volatility and shift in oil prices has affected Oceanteam's activities, but meanwhile Solutions has increased the focus towards offshore renewables, observation wheels and offshore equipment.

The majority of the Company's revenues come from the operational shipping segment that is in USD and are used to pay bond loan and bank loan interest. Debt is mainly issued in the same currency as the related revenue.

For more detailed information on risk please refer to Note 3 in the notes to the consolidated financial statements.

Risk Management

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. Oceanteam on the other hand operates in different markets and geographical areas, combining engineering know-how and a pool of special-purpose equipment with our fleet of large and advanced offshore vessels. This enables us to deliver complex offshore support (cable, pipeline and umbilical installations, transportation and storage projects) as a single service (one-stop shop).

We establish strong (local) partnerships and strategic alliances. Our ambition is to be a preferred partner in offshore solutions for economically and technically challenging projects in the oil and gas as well as offshore renewables industries.

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 has decreased during the year. Oceanteam has built an organisation that is able to increase its operations and performance and deliver higher added value for its customers and to climb vertical in its value chain for its niche markets. With this operational platform the Company is ready to increase its operation significantly in 2016 without leaving its conservative business modelling and mitigating its operational risks.

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.

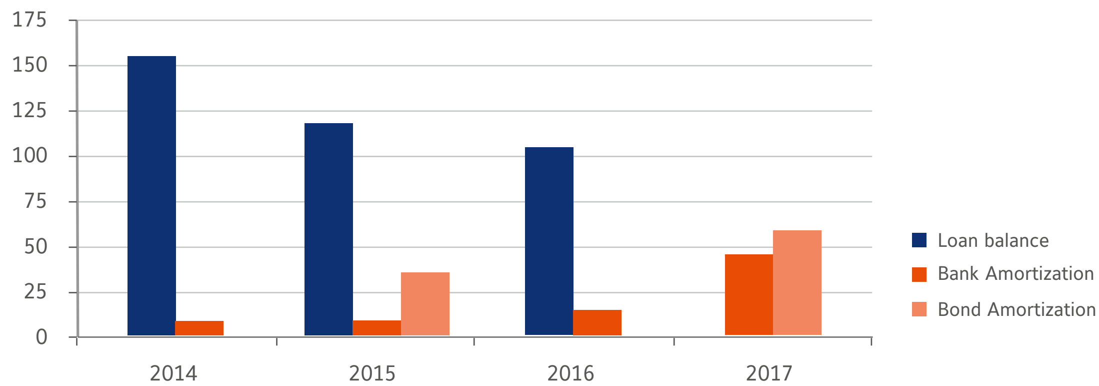
The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. 52% of the revenue is in USD while the remaining 48% is in EUR. Since the reporting currency is in USD the foreign exposure is for liabilities in the EUR and its fluctuations with USD. Some of the local costs for Oceanteam are in NOK which also have been favourable during 2015 due to foreign exchange fluctuations.

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% 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 combined with liquidity planning.

Current strategy includes the use of interest swap agreements for the loans in Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS as financial instruments. Otherwise the strategy is largely based on natural hedging. Natural hedging is defined to have revenue and cost in the same currency for each project. This is, however, continuously being assessed by the Management and the Board of Directors.

Debt maturity profile

USD million



Oceanteam is confident that it will find new employment for CSV Bourbon Oceanteam 101. A new charter will most likely trigger a successful refinance from it`s bank - and bond refinance due by October 2017. However, with a difficult and volatile market, refinancing may take more time than expected. Oceanteam is in good dialogue with its banks and bondholders to consider future solutions with the aim to reduce its cost of capital.

For Oceanteam Solutions growth capital, Oceanteam has received term sheets which can improve the capital and liquidity structure of this part of the business. This is to cover the expected growth, working capital requirements to increase the number of earning units. In case financial scenarios are delayed, Oceanteam can draw under the revolver facility given for newly awarded Solution contracts and reduce its investment budget.

Liquidity risk

At year end the working capital and liquidity position of the Company is low, but improving during first half of 2016. The Group has secured external equipment finance to support its growth in the Oceanteam Solutions business. The parent company depends on liquidity flows from subsidiaries and the joint venture companies that are owned with its joint venture partners. In 2015, an amount of USD 12.5 million was paid up to ASA. However, the company has tight cash flow and constraints which needs to be mitigated through new financial instruments or delays in capex or increased earnings. We are expecting to receive a termination fee from one of our clients.

As of 31 December 2015 the Company had closed all major legal cases.

All outstanding trade receivables for the shipping segment of approximately USD 2.3 million were received in 2016.

For the Solution segment, USD 2.9 million of outstanding trade receivables per year end of which USD 2,4 million have already been received in 2016.

Shareholder structure and limitation

Shares in Oceanteam ASA are publically traded at the Oslo Stock Exchange. Shares are identified by the name of its owner or its owner's nominee account. As reflected in the Company's Articles of Association there are no restrictions relating to voting or transfer of ownership of the shares, nor are there mechanisms aimed at preventing takeovers. During 2015 the Board decided to establish a remuneration and nomination committee from the Annual General Meeting scheduled in May 2016.

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 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 a contract for a major cable transport and storage project to be executed in 2016.
- Extended contracts for FSVs in Venezuela with six months, with two options for one-year extensions.
- IP infringement has been settled.
- DOT Radiance Ltd, a company jointly owned by DOT Holding and Pacific Radiance, secured post-delivery financing from DBS Bank of Singapore.

2015 Result and equity

The consolidated accounts show a profit of USD 2.2 million before the decrease of carrying amount from revaluation of its vessels. After the revaluation of its vessels, the consolidated accounts show a loss of USD 13.6 million. The consolidated equity is USD 98.9 million. As of 31 december 2015, the equity ratio as a percentage of the total assets is 42.6%. The equity in the parent company Oceanteam ASA is USD 41.2 million where USD 3.6 million is share capital.

Distributable equity

As of 31 December 2015, Oceanteam ASA has a distributable equity as defined by Norwegian Public Limited Companies Act, of USD 37.6 million. There are restrictions to distribute dividends in the bond loan agreements due to certain financial covenants. However, the Company aims to provide a dividend policy to its shareholders after refinancing its capital structure.

Allocation of net income

The Board proposes the following allocation of the net result:

Parent company	Oceanteam ASA	USD'000
Net profit / (loss)		(1 168)
Attributable to:		
Other equity		(1 168)
Total allocation		**(1 168)**

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Confirmation from the Board of Directors and CEO

From left to right: Torbjorn Skulstad (CFO), James Hill (Director), Hessel Halbesma (Chairman), Catharina Pos (Director), Tsonka Rangelova (Secretary of the Board) and Haico Halbesma (CEO)

We confirm that, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial positions and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors` Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Bergen / Norway, 28 April 2015
The Board of Directors Oceanteam ASA

Hessel Halbesma	**Catharina Pos**	**James Hill**	**Haico Halbesma**
Chairman	Director	Director	CEO

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Consolidated statement of profit or loss and other comprehensive income

Group — **Figures in USD '000**

	Notes	2015	2014
Revenue	6	49 548	55 704
Gain on disposal of assets			966
Net income from associates/joint ventures	12	7 402	10 208
Total operating revenues	6	**56 950**	**66 878**
Operating costs	5	(14 676)	(15 210)
General & administration	8,9	(13 191)	(21 307)
Depreciation	11, 12	(11 113)	(10 208)
Write off	11, 12	(3 065)	(327)
Total operating expenses	5	**(42 045)**	**(47 051)**
Operating profit (loss)		**14 905**	**19 827**
Financial income		236	40
Financial costs		(12 719)	(15 715)
Foreign exchange results (loss)		498	(402)
Net finance	5, 10	**(11 985)**	**(16 077)**
Ordinary profit (loss) before taxes		**2 920**	**3 750**
Tax expense	13	(751)	(620)
Net result before increase (decrease) of carrying amount from revaluation of vessels		**2 168**	**3 130**
Increase (decrease) of carrying amount from revaluation of vessels	12	(15 770)	(9 408)
Net result after increase (decrease) of carrying amount from revaluation of assets		(13 602)	(6 278)

Consolidated statement of profit or loss and other comprehensive income

Group			Figures in USD '000
	Notes	2015	2014
Items that will never be reclassified to profit or loss			
Other comprehensive income			595
Changes in revaluation model	12	(9 109)	(9 336)
Items not to be reclassified to profit or loss		(9 109)	(8 741)
Items that may be reclassified subsequently to profit or loss			
Translation differences			640
Items that may be reclassified subsequently to profit or loss			640
Other comprehensive income, net of tax		**(9 109)**	**(8 101)**
Total comprehensive income for the year		**(22 711)**	**(14 379)**
Profit (Loss) attributable to:			
Owners of the company		(10 559)	(6 771)
Non controlling interests	16	(3 043)	493
Profit (loss)		**(13 602)**	**(6 278)**
Total comprehensive income attributable to:			
Owners of the company		(19 668)	(14 872)
Non controlling interests	16	(3 043)	493
Total comprehensive income for the year		**(22 711)**	**(14 379)**
Earnings per share (in USD)			
Basic earnings per share (in USD)	25	(0,51)	(0,24)

Consolidated statement of financial position

Group	Note	31.12.2015	31.12.2014
		Figures in USD '000	
Assets			
Deferred tax assets	4, 13	5 250	6 000
Intangible assets	11	1 063	1 481
Goodwill	11	12 987	12 987
Intangible assets	3	**19 300**	**20 468**
Investment in associates and joint ventures	12	34 300	42 816
Vessels and equipment	12, 18, 28	153 856	183 829
Tangible assets		**188 155**	**226 645**
Total non current assets		**207 456**	**247 389**
Trade receivables	14	5 782	8 871
Other receivables	14	14 054	9 464
Receivables		**19 837**	**18 335**
Cash and cash equivalents	15	**4 733**	**44 547**
Total current assets		**24 570**	**62 882**
Total assets		**232 026**	**309 995**

Consolidated statement of financial position

Group

	Note	31.12.2015	31.12.2014
Equity and liabilities			
Share capital	17, 25	2 595	2 595
Treasury shares	17, 25	(257)	(257)
Share premium	17, 25	1 304	1 304
Reserves	17, 25	49 175	50 680
Revaluation reserve	12, 28	9 185	27 079
Equity attributable to owners of the Company		**62 003**	**81 402**
Non-controlling interests	16, 27	50 413	57 075
Revaluation reserve	12	(13 489)	(4 704)
Total non-controlling interests		**36 924**	**52 371**
Total equity		**98 928**	**133 774**
Loans and borrowings	18	101 038	112 564
Total non current liabilities		**101 038**	**112 564**
First year installments	18	8 100	43 100
Trade payables		4 880	5 893
Tax payable	13, 19	(87)	139
Public charges	19	770	125
Other current liabilities	19	18 396	14 400
Total current liabilities		**32 059**	**63 657**
Total liabilities		**133 097**	**176 221**
Total equity and liabilities		**232 026**	**309 995**

Bergen / Norway, 28 April 2016
The Board of Directors Oceanteam ASA

Hessel Halbesma
Chairman

Catharina Pos
Director

James Hill
Director

Haico Halbesma
Chief Excecutive Officer

Consolidated statement of changes in equity

Group	Figures in USD '000	
	2015	2014
Equity at period opening balance (Number of shares: 29,593,259)	**133 773**	**104 877**
Profit after taxes majority	(10 559)	(6 771)
Profit after taxes minority	(3 043)	493
Revaluation of assets	(9 109)	(9 336)
Tax on revaluation reserve		595
Translation differences	(233)	640
Adjustments prior period	503	(1 931)
Transactions with owners of the Company, recognised directly to equity		
Changes in non-controlling interests	(12 404)	49 504
Investments		(4 300)
Equity at period end (Number of shares: 29.593.259)	**98 928**	**133 773**

Consolidated statement of changes in equity — 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
Equity at 31 December 2014	2 595	(257)	1 304	(1 563)	53 419	51 856	27 079	53 271	135 850
Profit and loss					(2 674)	(2 674)	(7 885)	(3 043)	(13 602)
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							(9 109)		(9 109)
Tax on revaluation reserve									
Translation differences				1 567		1 567	(900)	(900)	(233)
Total comprehensive income				**1 567**	**(2 674)**	**(1 107)**	**(17 894)**	**(3 943)**	**(22 944)**
Contributions by and distributions to owners									
Change in non controlling interests								(7 154)	(7 154)
Dividends to non-controllling interests								(5 250)	(5 250)
Investments/Revaluation									
Adjustments prior period					503	503			503
Issue of ordinary shares									
Change in treasury shares									
Equity per 31 December 2015	**2 595**	**(257)**	**1 304**	**4**	**49 171**	**49 175**	**9 185**	**36 924**	**98 928**

Consolidated statement of changes in equity — **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
Equity at 1 January 2014	2 595	(257)	1 304	(2 203)	2 220	17	97 944	3 274	104 877
Profit and loss					(2 067)	(2 067)	(4 704)	493	(6 278)
Coverage of previous losses									
Changes in revaluation model									
Tax on revaluation reserve							(9 336)		(9 336)
Translation differences							595		595
Total comprehensive income				640		640			640
Total comprehensive income				**640**	**(2 067)**	**(1 427)**	**(13 445)**	**493**	**(14 379)**
Contributions by and distributions to owners									
Change in non controlling interests								51 893	51 893
Dividends to non-controllling interests								(2 389)	(2 389)
Investments/Revaluation					(4 300)	(4 300)			(4 300)
Adjustments prior period					(1 931)	(1 931)			(1 931)
Issue of ordinary shares									
Business combinations					57 420	57 420	(57 420)		
Equity per 31 December 2014	**2 595**	**(257)**	**1 304**	**(1 563)**	**51 342**	**49 779**	**27 079**	**53 271**	**133 773**

Consolidated cash flow statement

Group			Figures in USD '000
	Notes	2015	2014
Net result after increase (decrease) of carrying amount from revaluation of assets		**(13 602)**	(6 278)
Decrease of carrying amount from revaluation of vessels		15 770	9 408
Tax		751	620
Ordinary profit (loss) before taxes		**2 920**	**3 750**
Depreciation and amortization of tangible assets		11 113	10 208
Tax paid		(226)	79
Write off assets		3 065	327
Net income of associates		(4 532)	4 991
Change in trade receivables		3 089	(4 728)
Change in other receivables		(4 590)	12 045
Change in trade payables		(1 013)	5 039
Change in other accruals		4 641	(2 255)
Interest expense without cash effect		1 650	1 818
Others		(614)	(87)
Net cash flow from operating activities		**15 464**	**31 186**
Cash out due to investments		(5 470)	(10 875)
Cash in due to disposals		2 895	
Cash in due to disinvestments		600	1 579
Cash in due to sale of shares			21 330
Net cash flow from investing activities		**(1 975)**	**12 034**
Issuing of new debt		5 540	
Repayment of debt		(46 117)	(9 642)
Dividend paid out to non-controlling interests		(12 404)	(4 698)
Net cash flow from financing activities		**(52 981)**	**(14 340)**
Effect of changes to exchange rates on cash and cash equivalents		(322)	
Net change in cash and equivalents		**(39 814)**	**28 880**
Cash and equivalents at start of period		**44 547**	**15 667**
Cash and equivalents at end of period**	14	**4 733**	**44 547**

* 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 appriximatley USD 1.3 million in current market value.

To support the equipment growth the Group has a EUR 15 million revolver loan were 0.9 million was drawn per balance sheet day.

Notes to the consolidated financial statements

Note 1. Corporate information

Oceanteam is an offshore service provider. Oceanteam provides high-quality support to offshore contractors all over the world through its fleet of large and advanced offshore vessels (Oceanteam Shipping), and its expertise in marine equipment, cable logistics and design engineering (Oceanteam Solutions).

Oceanteam focuses on economically and technically challenging projects for clients in the oil and gas and renewables industries. In addition, we are among the few companies in the world to combine high-end engineering know-how, DNV GL certified shipping and expertise, DNV ISO certified solutions and special purpose equipment in a single 'one-stop shop' service, if required.

Oceanteam Shipping ASA changed its corporate name to Oceanteam ASA in 2015 to emphasise the Company's focus and growth in solution driven services in addition to its shipping activities.

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 a public limited company incorporated and domiciled in Norway. The address of its registered office is Tveiteråsveien 12, 5232 Paradis, Norway.

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

The consolidated financial statements were authorised for issue by the Board of Directors on 21 April 2016, and are based on the assumptions of going concern. The Group annual accounts consist of the Parent company Oceanteam ASA with its subsidiaries, joint venture companies and associated companies.

Note 2. Summary of significant accounting policies

2.1 Basis of preparation

The group accounts for Oceanteam ASA are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the Norwegian Accounting Act § 3-9.

The Group's financial statements are based on the principle of historical cost of acquisitions, construction or production, as modified by the revaluation model of the CSV vessels and Pipelay vessel, financial assets and derivative financial instruments, which are reflected at fair value.

The financial year follows the calendar year. The Group was established on 5 October 2005. Income statement items are classified by their nature.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2015

There are no new standards implemented by Oceanteam ASA in 2015

IFRs and IFRICs issued but not yet effective

IFRS 9 – Financial instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9, but does not expect it to have any material impact.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Costumer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. "

The Group is assessing the potential impact on its consolidated statements resulting from the application of IFRS 15.

IFRS 16 – Leases

IFRS 16 replaces existing IFRS leases requirements in IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognise assets and liabilities for leases with longer than 12 months duration. The asset and liability to be recognise is the present value of the lease payments to be made over the lease term. Lease payments for low value assets may be recognise as they accrue. IFRS 16 is applicable for the annual financial statements of 2019.

The Group has not yet evaluated the effects of the new standard, but expect that lease agreements currently classified as operating leases will be recognise as a lease liability and a corresponding right-to-use lease asset.

Other IFRS

There are other standards and amendments to the standards that are published but that is not expected to have any material effect on OTS

2.2 Basis of consolidation

A) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognise in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Contingent considerations are measured at net present value and regulated quarterly using a discount rate similar to WACC.

B) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

C) Non-controlling interests

NCI is measured at their share of fair value. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

D) Loss of control

When the Group looses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

E) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint ventures are those arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

F) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Foreign currency translation

(a) Functional and reporting currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's presentation currency in 2015.

(b) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognise in profit or loss. Non-monetary items that are measured based on a historical cost in a foreign currency are not translated.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognise in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(3) All resulting exchange differences are recognise as a separate component of other comprehensive income. Translation differences that are related to NCI are allocated to NCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

These consolidated financial statements are presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

2.4 Tangible fixed assets

A) Recognition and measurement

Construction support vessels

CSV's are initially recognise at cost. Construction support vessels are subsequently measured at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

CSV's are revaluated on a quarterly basis and whenever their carrying amounts are likely to differ materially from their revaluated amounts. When an asset is revaluated, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revaluated amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

Principle for recognition of change in revaluation for Oceanteam Bourbon 4 AS
When Oceanteam gained control over OB4 effective from 1 January 2014, this was accounted for as a step acquisition. Upon obtaining control, and in the step acquisition accounting, there is an underlying concept in IFRS 3 that the previous equity investment has been disposed of and a new investment is acquired. As a consequence of OB 4 AS being recognise as a new investment the revaluation reserve was set to zero as per 1 January 2014. The negative change in fair value since then has been recognised in profit and loss.

Presentation of change in revaluation deficit of construction support vessels in Oceanteam Shipping (OTS)
Change in revaluation deficit is presented in profit and loss, on a separate line. The reason to place the increase or decrease between the net results before increase (decrease) of carrying amount from revaluation of vessels is to give our profit and loss statement a clear view of where the market values changes are. If one also looks at the cycle of the assets, it is also the Company's policy to own these long term assets, secure superior contract coverage with long term charter contracts and secure long term financing for these assets. Up into the operational section of OTS accounts, the reader will find revenue which is more annual driven, while the fair market value changes have a significant impact on the re-financing of the CSV assets where the financing costs will be just above the changed section in the annual report.

Other tangible fixed assets
All other tangible fixed assets are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Components of costs
Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

B) Subsequent expenditure
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

C) Depreciation
Depreciation is calculated using the straight line method to allocate their cost to their residual values over their Estimated useful lives, as follows:

- CSV vessels 25 years.
- Revaluation surplus 25 years.
- Fast Support Vessels 15 years.
- Machinery and equipment 10–15 years.
- Furniture, fittings and equipment 3–8 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

D) Disposal
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement. When revalued assets are sold, the amounts included in other reserves are not transferred to retained earnings.

E) Component accounting
When an item of vessel, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately. A separate component may be either a physical component, or a non – physical component that represents a major inspection or overhaul. An item of vessel, plant and equipment will be separated into parts ("components") when those parts are significant in relation on the total cost of the item.

2.5 Intangible assets
A) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net Identifiable assets acquired at the date of acquisition. During 2015 it has been a shift in cash generating units due to the strategic shift in Solution.

(B) Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less Accumulated amortisation and accumulated impairment losses.

Deferred tax assets, customer relations and development/design of vessels are included under other intangible assets.

(C) Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3–5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

(D) Amortisation
Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Customer relations 3 years.
- Design 5 years.

2.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and the to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash - generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2.7 Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

2.10 Trade payables

Trade payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are capitalised to the extent that they are directly attributable to the purchase, construction or production of a non-current asset. Borrowing costs are capitalised when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalised until the date when the non-current asset is ready for use. If the cost price exceeds the recoverable amount, an impairment loss is recognised.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Tax

(a) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI, in which case it is recognised in equity or OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is more likely than not that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(b) Shipping activities

The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway and the Norwegian tonnage tax system. In addition we operate under local tax systems in Netherlands, Germany and Mexico. Our onshore activities are generally subject to the ordinary corporate tax rates within the country in which the activities are located. The variation in the tax systems and rates may cause tax costs to vary significantly depending on the country in which profits are accumulated and taxed. The Group's taxes include taxes of Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the change in deferred taxes. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Companies taxed under special tax shipping tax systems will generally not be taxed on their net operating profit from the approved shipping activities. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance to certain requirements, and breach of these requirements could lead to forced exit of the regime. A forced exit of the Norwegian tonnage tax system will lead to accelerated tax payments. Tax payable and deferred taxes are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

2.13 Employee benefits

(a) Pension obligations

The Group has a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The obligations for contributions to defined contribution plans are expensed as the related service is provided.

(b) Share-base payment arrangements

In 2014 Oceanteam included all employees in a phantom share based incentive plan. Please refer to note 8 for more information.

2.14 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

Continuing business (IAS 17 and IAS 18):

Shipping revenues

Income is recognised when it is probable that transactions will generate future financial benefits that will accrue to the Company and the amount can be reliably estimated. The majority of contracts are long-term time charter and bareboat contracts. Income and expenses related to a charter party are accrued based on the number of days the contract lasts prior to and after the end of the accounting period.

In the event of off-hire periods, the vessel owner carries the risk beyond any worked up dry-dock days which in some instances are specified in the contract. The Group has taken out off hire insurance to cover major operational interruptions such as repairing collision damage or other serious unforeseen repair work.

The mobilisation of a vessel is the period for planning and preparation before the charter has commenced. The demobilisation is the period when all the special equipment for a project is being taken off until the vessel is ready for a new project or charter. Mobilisation (demobilisation) fees are invoiced to the client and recognised over the mobilisation (demobilisation) period.

Oceanteam Solution

KCI Engineering has some lump sum construction contracts with a defined design engineering scope, but most of the revenues relate to billable hours as the service is being performed.

Income from rental of equipment is recognised when the company invoices the client for the relevant period of time according to contract. Income from the sale of underutilised equipment is recognised when delivery takes place and most significant of risk and return is transferred

Work in progress / To be invoiced

The work in progress on third party construction contracts is valued at the incurred construction contract costs increased by the attributed profit and net of recognised losses and invoiced instalments. If the result from a construction contract cannot be reliably estimated no profit is attributed or recognised as part of work in progress. The construction contract costs include the costs directly relate to the construction contract, the indirect costs that are attributable and allocated to construction contract activities and other costs that are chargeable to the customer under the terms of the contract.

The percentage of completion is determined on the basis of the construction contract costs incurred up to the balance sheet date in proportion to the estimated aggregate construction contract costs/inspection of the completed part of the construction contract/the completion of a physically distinguishable component of the construction contract. Income and expenses are recognised in the profit and loss account based on the progress of the project. Expenditure incurred in a year concerning project activities are not included in the calculation. Work in progress on construction contracts with a debit balance position is presented under the current assets. Work in progress on construction contracts with a credit balance position is presented under the current liabilities. The amounts are recognised under the receivables if the amount of the (collective) net income is greater than the sum of the invoiced instalments. If the (collective) amount of the income is less than the invoices, the amount is recognised under the liabilities.

2.16 Dividend distribution

Dividend distribution to the Company's' shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are likely to be be approved by the Company's shareholders. Financial covenants may restrict the possibility to distribute dividends.

2.17 Financial and operating leasing

(i) The Group as a lessee

Finance leases

Finance leases are leases under which the Group assumes most of the risk and return associated with the ownership of the asset. At the inception of the lease, finance leases are recognised at the lower of their fair value and the present value of the minimum lease payments, minus accumulated depreciation and impairment losses. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the Company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The same depreciation period as for the Company's other depreciable assets is used. If it is not reasonably certain that the Company will assume ownership when the term of the lease expires, the asset is depreciated over the term of the lease or the asset's economic life, whichever is the shorter.

Operating leases

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. Lease payments are classified as operating costs and recognised in the statement of comprehensive income in a straight line during the contract period.

(ii) The Group as a lessor

Finance leases

The Group presents assets it has leased to others as receivables equal to the net investment in the leases. The Group's financial income is determined such that a constant rate of return is achieved on outstanding receivables during the contract period. Direct costs incurred in connection with establishing the lease are included in the receivable.

Operating leases

The Group presents assets it has leased to others as non-current assets in the balance sheet. The rental income is recognised as revenue on a straight line basis over the term of the lease. Direct costs incurred in establishing the operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

2.18 Financial instruments

In accordance with IAS 39, Financial instruments: Recognition and measurement, financial instruments within the scope of IAS 39 are classified in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables.

Financial liabilities that do not form part of the held for trading purposes category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other liabilities.

Financial instruments that are held to maturity are included in fixed asset investments unless the redemption date is less than 12 months after the end of the reporting period. Financial instruments in the held for trading purposes group are classified as current assets. Financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within the 12-month period following the end of the reporting period.

The gain or loss resulting from changes in the fair value of financial investments that are classified as available for sale is recognised directly in equity until the investment is sold. When the investment is sold, the accumulated gain or loss on the financial instrument that has previously been recognised in equity is reversed and the gain or loss is recognised in the statement of comprehensive income.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transaction; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

Note 3. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, fair value risk, cash flow and interest rate 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.

(A) Credit risk

The Group's credit risk is considered to be low as the Group's customers and partners are primarily large companies with high credit rating. 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. However, due to market outlook and increased volatility in the general markets, the credit risks have increased. The Company has invested significant amounts improving the risk mitigation through its TNS program.

Shipping

The Shipping business represented 51 percent of the Group's total trade receivables at balance sheet date Geographically, credit risk is concentrated within the regions where the Group operates its assets, being for the CSV asset:

- Africa
- America
- Australia

For the FSV assets the geographic risk is concentrated in Mexico and for Venezuela. Credit risk for the joint venture DOT Shipping is concentrated in Mexico (Diavaz/ PEMEX) and Singapore through the new joint venture within DOT Shipping with Pacific Radiance.

There are 4 main clients in the shipping business which are all considered to be solid.

Solutions

The Solution business represented 50% percent of the Group's total trade receivables at balance sheet date. The credit risk can be divided in European countries and South East Asia and with an approximate number of 60-80 clients. The clients for Solution segment are established names in the Oil and Gas , Renewable Offshore Industry & Observation Wheel business. The Solution business demand is increasing after a slower second half 2015.

The solution business also represented 28% of the Group's other receivables at balance sheet. The exposure to credit risk is influenced mainly by the individual characteristics of each customer. Before projects are tendering and awarded, the Group perform full credit assessments on its existing and future clients.

Oceanteam
The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The free liquidity is placed in bank accounts with banks of acceptable credit quality and in stable regions. The total theoretical credit risk is approx. USD 20.9 million where USD 16.1 millions is receivables and USD 4.7 million is bank deposits, see note 14 and 15 for further information. Oceanteam Shipping's clients are primarily large companies with high credit rating and well known within the industry. The need for bank guarantee, parent company guarantees and preinvoicing are considered on individual basis project by project.

(B) 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 that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. According to a liquidity covenant in its loan agreements, the Group shall at all times have a minimum free liquidity of USD 0.5 million. At the balance sheet date, the Group had a liquidity position of USD 4.7 million, of which approx. USD 0.5 million normally was restricted or pledged as collateral.

The USD 4.7 million in bank deposit consisted of approx. EUR 0.1 million. USD 4.4 million, NOK 1.6 million and some GBP and MXN.

Per 31 December 2015, Oceanteam is compliant with all financial covenants for bank loans and bond loans, both on Group level and on individual company level. In the event of breach of covenant the lenders can declare the outstanding loan including accrued interest, costs and expenses to be in default and due for immediate payment.

Refinancing of both the bond and the major bank debt will likely be triggered by a new charter contract for CSV Bourbon Oceanteam 101. However, with a difficult and volatile market, refinancing may take more time than expected. Oceanteam is in good dialogue with its banks and bondholders to consider future solutions with the aim to reduce its cost of capital.

For Oceanteam Solutions' growth capital, the Company has received term sheets which can improve the capital and liquidity structure for this segment of the Company. This is to cover the expected growth and working capital requirements to increase the number of earning units. In case financial scenarios are delayed, Oceanteam can draw under the revolver facility given for newly awarded Solutions contracts and and in this way reduce its investment budget.

The market outlook and changes in liquidity have been challenging for the Company. During 2015 and partly into 2016, the liquidity in our market has been stretched which has effected the Company.

The Company has tight cash flow and constraints which need to be mitigated through either new financial instruments, delays in capex or increased earnings. The Company expects to receive a termination fee from one of its clients and to secure new charters for its assets.

The market has been experiencing a downturn which has had a direct impact on the performance and liquidity of the group. Liquidity forecasts going forward are showing positive cashflows however are dependent on some key events, some of which are outside the control of the group. The key events assumed in the cashflow forecasts for the next 12 months include new loan facilities for which term sheets are in progress or have been received. In addition there are assumptions related to the timing of receipt of termination fees and also assumptions related to new orders expected during Q2. If one or more of these events does not occur or is significantly delayed this would require immediate remediation and alternative measures in order to ensure the going concern of the group.

The Group uses project-based costing to price its services, which assists in monitoring cash flow requirements. Generally, 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 or the client involved in the contract in question.

The Group also has a 15 million EUR financial facility with NIBC within the Solutions segment. The purpose of this facility is to draw loan with security through new contracts and fund growth in the Solutions segment. See note 18 -loans and borrowings for more information.

(C) Market risk

Market risk includes risk of fluctuation in oil prices, financial risks as currencies and interest rates and political changes, increased competition and risk of war, other armed conflicts and terrorist attacks. The deteriorated financial climate has led to delays in projects in both 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.

For the shipping segment the Company has good contract coverage on modern vessels with limited market exposure until 2017. The Company is therefore well positioned in the current market environment. BP has exercised it rights to terminate the contract for Bourbon Oceanteam 101, but this will not be concluded before May. If BP terminate the contract is will not effect the 2016 EBITDA for the vessel, and the contract originally ended in January 2017. Management are discussion different new contract alternatives if BP decides to cancel the contract in May.

The growth activity in DOT Shipping has been significant. During 2015, the two new FSVs purchased in 2014 have been in full operations and the building of one new CSV, Tampamachoco, is progressing as planned. Tampamachoco is 50% owned (20% net to Oceanteam) with Pacific Radiance as a joint venture partner to DOT Shipping.

Oceanteam's diversification in various markets, through extensions in Mexico and Solutions, makes the Company ready for the future. As the number of clients increases, the Management Committee will monitor the need for analysing customer credit risk, whereby customers are to be grouped according to their credit characteristics. This will also cover a potential need for making allowances for impairment corresponding to an estimate of incurred losses in respect of trade and other receivables and investments.

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 and Norwegian Kroner (NOK).

The Company is exposed to changes in interest rates as the bulk of its debt has floating rates. An increase (decrease) in the interest level with 100 bp will give an effect of USD 1.2 million on the balance of loans and borrowings at 31 December 2015. The interest rates are also linked to the development of LIBOR margins.

The objective of the Company is to reduce the financial risk as much as possible. Current strategy include the use of swap interest agreements for the loans in Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS. Otherwise the strategy 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.

Fair value Bond Loan
The Company's Bond Loan was last traded at 96.5 percent of nominal value in March 2015. Brokers estimate that fair value year end 2015 was in the range 60–70 percent of nominal value. See note 18 – loans and borrowings for more information.

(D) Capital management

The Board's policy is to improve the capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or refinancing debt.

The Group's debt providers have imposed the following covenants regarding capital management:

- 35% book equity at all times.
- 25% market value adjusted equity at all times.
- Covenants in vessel owning companies.

Furthermore, the financial covenants are subject to surveillance by management and to be in compliance with at all times.

For more information regarding financial covenants, please see note 18 – loans and borrowings. There are significant difference between fair values and historic values with regard to the CSVs. However, these estimates are subject to uncertainty. New vessels are not ordered before equity installments are allocated and full financing is in place with a reputable shipping bank. Long term cash flows are continually updated to identify risks and opportunities.

		Exchange rates 31.12.2015	Exchange rates 31.12.2014
Exchange rates used in the annual report:	EUR/USD	1,0920	1,2157
	NOK/USD	0,1135	0,1345
EUR – European euro	EUR/NOK	9,6190	9,0365
NOK – Norwegian kroner	USD/NOK	8,8090	7,4332
USD – American dollar	USD/EUR	0,9158	0,8226

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015	2014
USD	14 051	12 481
EUR	5 786	5 853
NOK		
Other currencies		
	19 837	18 333

The carrying amounts of the Group's short term and long term liabilities are denominated in the following currencies:

	2015	2014
USD	(122 311)	(164 653)
NOK	(1 979)	(1 944)
EUR	(8 807)	(7 824)
Other currencies		
	(133 097)	(174 421)

USD exchange rate movements:

	31.12.15	Increase	Decrease
USD/EUR	0,9158	1,0000	0,8000
Effect on receivables in EUR	5 299	487	(670)
USD/EUR	0,9158	1,5000	1,1000
Effect on liabilities in EUR	(8 065)	(742)	1 020

The largest currency risk for Oceanteam Shipping is connected to movement in the EUR versus USD, but since both receivables and liabilities are in USD the fluctuations will be minimal.

Interest rate risk

		2015	**2014**
		Carrying amount	Carrying amount
Cash balance		4 733	44 547
Secured bank loans		60 474	65 415
Unsecured loans			729
Bond loan		56 627	91 150
Total loans and borrowings		**117 101**	**157 294**
LIBOR + margin	**3%**	**4%**	**5%**
Total effect on interests with margin increase of 100 basis points	3 513	4 684	5 855
Positive (negative) effects	1 171		(1 171)

Interest rate fluctuations

An increase (decrease) in the interest level with 100 bp will give an effect of USD 1.2 million on the balance of loans and borrowings per 31 December 2015. The interests rates are also linked to the development of LIBOR margins.

Note 4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

4.1 Critical accounting estimates and assumptions

(a) Income taxes and deferred tax assets

For further information, please refer to note 13.

(b) Revaluation model

The estimate of the fair value of the CSVs and Pipelay vessel may fluctuate due to changes in charter hire, OPEX, WACC (weighted average cost of capital) and market conditions and operational risks of operating vessels.

More information about revaluation model can be found under note 28.

(C) Goodwill

The estimate of Cash Generated Units (CGU) may have variation on cash flow estimates and WACC.
Please refer to note 11 for further information.

D) Leases

At inception of and arrangement, the Group determines whether the arrangement is or contains a lease.
Please refer to note 7 for further information.

E) Investment in Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS

For changes in investment in these entities, please refer to note 26 (associates) and note 27.

F) Impairment testing

For information about the groups impairment testing, please refer to note 11 and 12.

Note 5. Operating segments

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 because 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:

	Oceanteam Shipping		Oceanteam Solutions		TOTAL	
	2015	2014	2015	2014	2015	2014
External revenue	**29 682**	**33 958**	**27 268**	**31 954**	**56 950**	**65 912**
Operating costs	(826)	(526)	(13 849)	(14 684)	(14 676)	(15 210)
General & Administration	(6 081)	(8 816)	(7 110)	(11 525)	(13 191)	(20 342)
EBITDA	**22 775**	**24 615**	**6 308**	**5 745**	**29 083**	**30 361**
Intersegment revenue	1 184	857			1 184	857
Intersegment cost			(1 184)	(857)	(1 184)	(857)
Depreciaton	(8 703)	(7 947)	(2 411)	(2 260)	(11 113)	(10 208)
Write off assets	(2 736)	(135)	(330)	(192)	(3 065)	(327)
Reportable segment profit before income tax	**12 520**	**17 391**	**2 384**	**2 436**	**14 904**	**19 827**
Interest income	797	766	(561)	(726)	236	40
Interest cost	(12 445)	(15 629)	(273)	(87)	(12 719)	(15 715)
Foreign exchange result	402	(886)	96	484	498	(402)
Pre-tax profit	**1 274**	**1 643**	**1 646**	**2 107**	**2 920**	**3 750**
Income Tax	**6**	**(608)**	**(757)**	**(12)**	**(751)**	**(620)**
Reportable segments assets	**184 448**	**262 877**	**47 781**	**47 395**	**232 229**	**310 272**
Reportable segments liabilities	**(108 397)**	**(148 576)**	**(24 700)**	**(25 845)**	**(133 097)**	**(174 421)**
Capital Expenditure		**240**	**2 363**	**10 635**	**2 363**	**10 875**
Investment in equity accounted investees	**34 858**	**42 903**			**34 858**	**42 903**

The Shipping segment consist of two operating CSV vessels, one Pipelay vessel and two FSV crew boats. All the vessels worked outside Europe in 2015. One of the CSV vessels and the Pipelay vessel are consolidated according to equity method, while one CSV vessel, CSV Southern Ocean, is fully consolidated. Administration expenses in Oceanteam ASA are allocated to Shipping segment since material resources from Oceanteam ASA are allocated to Shipping segment. The Oceanteam Solutions segment consist of engineering services from KCI BV and the marine assets, an equipment department organised under Oceanteam Shipping BV. Administration expenses in Oceanteam Shipping BV are allocated to equipment business.

In 2014 the solution segment expanded it's activities from mainly Europe to also include significant operations in Asia. Solution has increased the acitivity in Asia in 2015.

Geographical segments **USD '000**

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the following information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of assets.

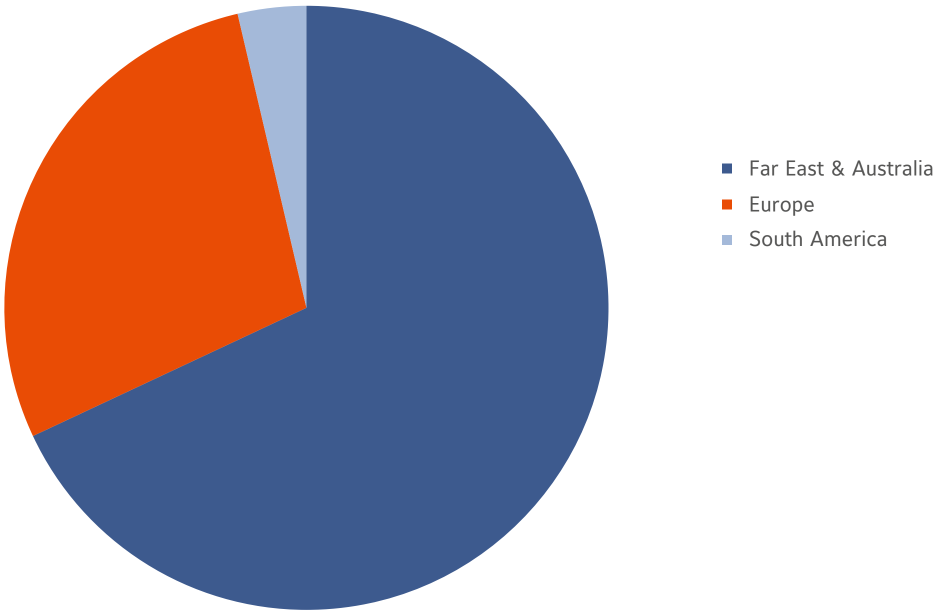
Revenue	2015	2014
Far East & Australia	33 680	26 862
Europe	14 054	27 989
South America	1 814	1 825
Total	**49 548**	**56 676**

Net income from joint ventures and associates	2015	2014
Australia and Africa	5 075	5 047
Europe	(79)	(82)
South America	2 406	5 237
Total	**7 402**	**10 202**

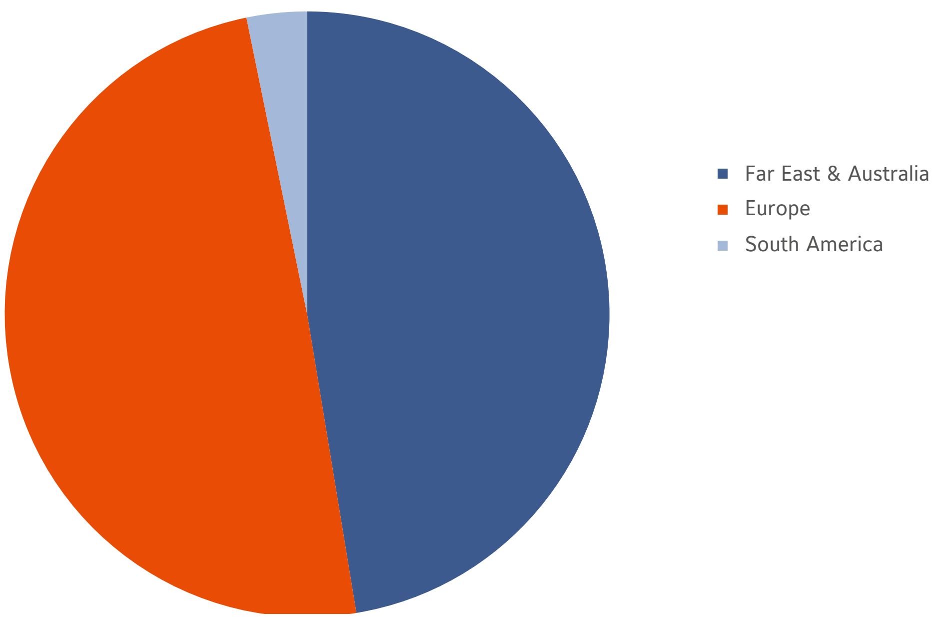
Revenue	49 548	56 676
Net income from joint ventures and associates	7 402	10 202
Total operating revenues	**56 950**	**66 878**

Sales are allocated based on the area in which the services are rendered, given figures are according to owners percentages.

Geographical segments revenue 2015



Geographical segments revenue 2014



Non-current assets	2015	2014
Australia & Africa	67 507	74 344
South America	36 193	31 765
Europe	22 924	19 769
Total	**126 624**	**125 877**

Non-current assets exclude financial instruments, deferred tax assets and employee benefit assets and are according to Oceanteam's owner percentages.

Major customers

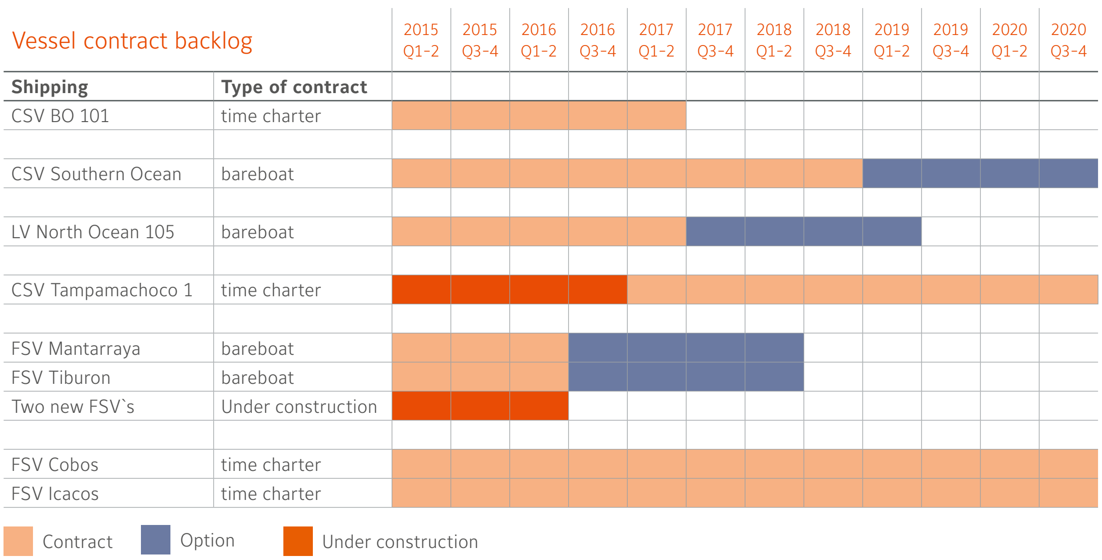
Segment	Customer	2015	Percentage of entity's revenue	2014	Percentage of entity's revenue
Shipping	Customer Shipping 1	23 590	100%	23 702	100%
Shipping	Customer Shipping 2			16 481	100%
Shipping	Customer Shipping 3	19 395	100%	20 582	100%
Shipping	Customer Shipping 4	16 346	100%	23 777	100%
Shipping	Customer Shipping 5	1 793	100%	1 825	100%
Shipping	Customer Shipping 6	3 603	100%		
Solutions	Customer Solutions 1	9 412	67,7%	4 466	38%
Solutions	Customer Solutions 2			2 755	23%
Solutions	Customer Solutions 3			4 741	28%
Solutions	Customer Solutions 4	2 154	17%	3 890	23%
Solutions	Customer Solutions 5			1 824	11%
Solutions	Customer Solutions 6	4 612	36,5%		

Revenues are based on 100 percent basis for the relevant entity.

Note 6. Revenue

Revenue comprises:	Company/Project	2015	2014	Change in %
Shipping leases		29 682	33 958	(13%)
Solution		27 268	32 919	(17%)
Total revenue		**56 950**	**66 877**	**(15%)**

The percentage of completion is determined on the basis of the construction contract costs incurred up to the balance sheet date in proportion to the estimated aggregate construction contract costs/inspection of the completed part of the construction contract/the completion of a physically distinguishable component of the construction contract. Income and expenses are recognised in the profit and loss account based on the progress of the project.



Contract back log:

- CSV Bourbon Oceanteam 101: BP Angola until February 2017. BP has the opportunity to complete the termination the contract in May 2016. This is not decided at reporting date and will not have significant effect on the 2016 numbers.
- CSV Southern Ocean: Fugro TSMarine Australia until 31 December 2018 (+2 x 1 year option).
- Lay Vessel North Ocean 105: McDermott International Inc. firm until 30 June 2017 (+1 year option + 1 further additonal year provided the Charteres give advance written notice according to details in charter agreement. McDermott has a purchase option 2nd quarter 2017.
- FSV Mantaraya and FSV Tiburon: Contracts extended until end June 2016. The Company has offered the client two additional years.
- Engineering & equipment: the level of secured work / tenders out are satisfactory for the season.
- Oceanteam Solutions: good backlog for 2016.

Note 7. Leasing

Shipping

The Group leases out its CSV Vessels. The future minimum lease payments for the consolidated Southern Ocean and the FSV's Mantarraya and Tiburon are as follows:

USD '000	2015	2014
Less than one year:	20 981	21 498
Between one and five years:	41 355	61 427
More than five years:		
Total	**62 337**	**82 924**

Solutions

The equipment pool is being rented out in the spot market and Oceanteam Shipping is marketing the equipment for longer contracts. The revenue is recognised, in accordance with IAS 18, when the equipment and personnel is rented out and according to day rates.

Solution has the major part of its equipment pool leased out on contracts from 3 to 9 months. Since the lease periods are for a limited period of time compared to the economic life of the assets and the company retains the majority of the risk related to the asset, they have therefore been classified as operating leases.

The future minimum lease payments under non – cancellable leases are as follows:

USD '000	2015	2014
Less than one year:	9 266	8 621
Between one and five years:	3 260	600
More than five years:	2 823	1 559
Total	**15 350**	**10 780**

Note 8. Personnel cost

USD'000	2015	2014
Personnel cost		
Salary	3 401	10 426
Pensions	216	559
Social security cost	433	1 163
Insurance	103	110
Directors fees	188	247
Contractors fees	2 271	1 707
Other Cost	59	30
Total	**6 670**	**14 241**
Average number of full time employees	124	163

2015	Position	Board fees	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO		365		232	597
Torbjørn Skulstad	CFO		107	8	188	303
Hessel Halbesma	Chairman	37			1 021	1 058
Mrs Catharina Pos	Director	25			95	120
Mr James Hill	Director	25			99	124
Total		**87**	**471**	**8**	**1 635**	**2 201**

2014	Position	Board fees	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO		429		450	879
Torbjørn Skulstad	CFO		127	10	248	385
Hessel Halbesma	Chairman	47			900	947
Mrs Catharina Pos	Director	31			92	123
Mr James Hill	Director	31			92	123
Total		**109**	**556**	**10**	**1 782**	**2 456**

The CEO has an annual salary of EUR 330.000/ year. From 2011 the CEO has entered a service agreement through his company Heer Holland B.V.

For the year 2015, the agreed fee for the chairman of the board is NOK 300.000 and NOK 200.000 for the other members of the board. In addition, the agreed fee for extraordinary work for the board committee is EUR 300 per hour, maximum EUR 2 500 per day.

The management has an incentive scheme where the incentive is connected to "HR SMART" objectives and appraisals and is based on the yearly gross salary. The incentive can either be paid out in shares or in cash. If payment should be in shares, share prices will be calculated at market value.

The management of the company has not received any share-based payment in 2015.

In 2014 all employees in Oceanteam were included in an incentive plan. The purpose of the incentive plan, is to advance the interests of the Company's shareholders by enhancing the Company's ability to attract, retain and motivate employees who are expected to make important contributions to the Company. By providing such persons with performance-based incentives, we align the interests of such persons with those of the Company's shareholders.The award is expressed in phantom shares with a two year duration started 30 September 2014. At the expiration date 30 September 2016 a value equal to one Company share on the Oslo Stock Exchange (20 days average closing price) will be paid. The total liability for the Company from this incentive plan is calculated to 426 000 USD on current company share price.

There has not been given loans, advance payments and security by the Company or other companies in the group to the individual senior executives and the individual members of the board of directors, audit committee and other elected corporate bodies.

There has neither been given remuneration, pensions plans or other benefits to members of the audit committee or other elected corporate bodies.

Note 9. General administration - auditors fee

USD '000

Specification of auditor fee	2015	2014
Statutory audit	598	589
Other assurance services	188	82
Tax advisory	65	68
Other	23	8
Total	**875**	**747**

Note 10. Financial income and financial expenses

	2015	2014
Interest income bank	30	2
Other financial income	206	38
Foreign exchange gain/loss	498	(402)
Interest expense	(11 442)	(14 664)
Call premium	(476)	(476)
Other financial expense	(800)	(574)
Total	**(11 985)**	**(16 076)**

The decrease in interest expenses is mainly due to the 35 million USD instalment paid on the Company's 2012 USD 92.5 million bond loan in April 2015.

Note 11. Intangible assets

USD '000

2015	Deferred tax	Goodwill	Customer relations	IP licenc-es, concept etc	OTS Designs	Total
Historical cost 31 December 2014	6 000	12 987	4 400	618	1 192	25 197
Additions - Internally developed		13				13
Additions - Acquired separately				387	36	423
Disposals						
Historical cost 31 December 2015	**6 000**	**13 000**	**4 400**	**1 005**	**1 228**	**25 633**
Accumulated amortisation			(4 400)	(51)	(15)	(4 466)
Amortisation				(322)	(214)	(536)
Impairments / reversals					(276)	(581)
Amortisation			**(4 400)**	**(678)**	**(505)**	**(5 583)**
Accumulated impairments						
Impairments / reversals	(750)					(750)
Accumulated impairments	**(750)**					**(750)**
Book value 31 December 2015	**5 250**	**13 000**		**327**	**723**	**19 300**
Amortization rates	Not amortized	Not amortized	3 years	5 years	Not yet depreciable	
Amortization method			Linear	Linear		

USD '000

2014	Deferred tax	Goodwill	Customer relations	IP licenc-es, concept etc	OTS Designs	Total
Historical cost 31 December 2013	6 000	12 987	4 400		1 119	24 506
Additions - Internally developed					73	73
Additions - Acquired separately				618		618
Disposals						
Historical cost 31 December 2014	**6 000**	**12 987**	**4 400**	**618**	**1 192**	**25 197**
Accumulated amortization			(4 400)			(4 400)
Amortization				(51)		(51)
Impairments/reversals						
Amortization			**(4 400)**	**(51)**		**(4 451)**
Accumulated impairments						
Impairments/ reversals						
Accumulated impairments						
Book value 31 December 2014	**6 000**	**12 987**		**567**	**1 192**	**20 746**
Amortization rates	Not depreciable	Not depreciable	3 years	5 years	Not yet depreciable	
Amortization method			Linear	Linear		

A) Impairment testing of goodwill

Oceanteam's goodwill originates from acquisitions in 2008 and 2010. For the purposes of impairment testing, goodwill is allocated to the Group's cash generating unit (CGU) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The legal unit KCI the Engineers is defined as the CGU. On 20 February 2014, Oceanteam Shipping ASA purchased the remaining 30 percent shares of KCI The Engineers. Goodwill has been taken into account 100 percent previously when we Oceanteam increased its ownership from 50 to 70 percent in 2010.

Determination of recoverable amount

Value in use, is used to find the recoverable amount. The calculations are based on future cash flows where budgets and strategically goals for the period 2016-2020 are used. The assumptions are: a five year cash flow and terminal value, a growth rate of 2 percent to 5 percent both in revenue in budget. In the cash flow analysis a EBITDA-margin between 7 percent and 18 percent has been applied. Present value is calculated by using discounted cash flows where the weighted average cost of capital (WACC) is 7,9% before tax.

The growth rate of 2 percent has been applied to the terminal value for turnover based on a prudent estimate for increase in business.

B) Impairment test of OTS designs

OTS designs have been tested for impairment by measuring the recoverable amount at fair value less cost to sell. No indicator for impairment has been identified. In 2015, the Company has started depreciating this asset lineary over 5 years.

Note 12. Tangible assets

Investments in joint ventures and associates

2015	Oceanteam Bourbon 101 AS	Participation 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)	(1 900)	1 233		(6 167)
Net result from investment Cum Q4 2015	5 111	2 235	135	(79)	7 402
Change in net revaluation Cum Q4 2015	(8 675)	(1 143)			(9 818)
Total carrying amount 31 December 2015	**17 763**	**12 236**	**4 316**	**(16)**	**34 300**

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		2 363	2 363
Disposals	(4 674)	375	(6 984)
Historical Cost 31 December 2015	**167 350**	**48 336**	**216 757**
Accumulated depreciation 31 December 2014	(7 330)	(11 930)	(19 260)
Depreciation	(2 863)	(2 338)	(5 201)
Disposals depreciation	(1 889)	(1 113)	(3 002)
Accumulated depreciation 31 December 2015	**(12 081)**	**(15 382)**	**(27 463)**
Accumulated impairments 31 December 2014		(8 553)	(8 553)
Impairments/reversals	(2 185)		(2 185)
Accumulated impairments 31 December 2015	**(2 185)**	**(8 553)**	**(10 738)**
Carrying amount 31 December 2015 if CSV's were stated at historical cost	**159 342**	**24 401**	**183 744**
Revaluation per 31 December 2015	(29 888)		(29 888)
Total Carrying amount 31 December 2015	**129 455**	**24 401**	**153 856**
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 capitalised. 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 18 loans and borrowings.

During 2015, the Company had planned to sell one offshore crane and to finance it with the best financial scenario achievable. At the time of the sale it was noticed that the book value was higher than the fair market value. The asset was defined to be immediate held for sale.

Revaluation reserves

	Bourbon Oceanteam 101	North Ocean 105	Southern Ocean	Non controlling interest	Total
Gross Revaluation reserve 31 December 2014	28 561	3 222	(5 604)	(5 604)	20 575
Change in revaluation	(10 390)	(1 025)	(7 885)	(7 885)	(24 879)
Tax effect					
Gross Revaluation reserve 31 December 2015	**18 171**	**2 197**	**(13 489)**	**(13 489)**	**(4 304)**
Accumulated depreciation premium values 31 Dec 2014	(5 325)	(515)			(5 840)
Depreciation premium values	(591)	(118)	(1 455)	(1 455)	(3 619)
Total depreciation premium values	**(5 916)**	**(633)**	**(1 455)**	**(1 455)**	**(9 459)**
Net revaluation reserve 31 December 2015	**12 255**	**1 564**	**(14 944)**	**(14 944)**	**(13 762)**
Accumulated depreciation 31.12.2015 over P&L					**9 459**
Total Revaluation Reserve 31 December 2015					**(4 304)**

Please see note 28 for more information on fair value measurement

Impairment testing

Because of the volatile market and other impairment indicators, impairment tests have been done on all tangible assets.

Oceanteam have applied a group WACC of 9,00% when testing our tangible assets. The calculated WACC has the following assumptions:

- 10 year state USD.
- A 40/60 ratio of equity/debt.
- A 1.2 Equity Beta.

Fast Support Vessels

The Fast Support Vessels operating in Venezuela are valued to 4.3 million in our books. The impairment test defends their value, but there is no real headroom available so they are valued at fair value. The assumptions are that the vessels continue on their current contracts adjusted for inflation and the Group WACC of 9,00% has been applied. Sensitivity analysis show that 1 percentage point increase in the WACC indicates an impairment of 181 000 USD.

Solutions

Solutions is tested for impairment both for the tangible assets and the goodwill described in note 11.

The estimates are discounted with the group WACC described above and there are no indications of impairment for any relevant changes in the WACC or other assumptions.

Note 13. Tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Some companies operate under the Norwegian Tonnage Tax system were the tax is estimated to be zero.

		USD '000
	2015	2014
Tax payable Norway		2
Tax payable abroad	1	137
Changes in deferred tax Norway		595
Adjustments previous year	(0)	(115)
Changes in deferred tax abroad	750	
Income tax	**751**	**620**
Reconciliation of tax payable		
Tax payable in profit and loss account		
Credit deduction, international		
Tax, international	(87)	139
Corrections previous years		
Tax payable in balance sheet	**(87)**	**139**
Reconciliation of nominal and effective tax rate		
Profit before tax	2 920	3 750
Applicable 25% tax rate	**730**	**1 050**
Variance, actual and expected income tax expense	**21**	**(393)**
Explanation of why actual tax cost deviates from expected tax cost		
Tax effect from non-deductible costs		
Tax effect from non-taxable income	(1 975)	(2 756)
Effect of foreign trade tax		
Effect of shipping company taxation	(2 601)	(3 024)
Effect from foreign tax regimes	720	880
Changes utilisation of tax loss carry forward		
Tax previous years		
Non capitalised deferred tax effect	3 877	4 508
Variance compared to applicable tax rate	**21**	**(393)**

Income tax and other comprehensive income	2015			2014		
	Before tax	Tax (expense benefit)	Net of tax	Before tax	Tax (expense benefit)	Net of tax
Changes in revaluation model for non-tonnage tax companies				2 204	595	1 609
Other comprehensive income						
Translation differences				640		
				2 844	**595**	**1 609**

Deferred tax:

Below is a specification of temporary differences between accounting and tax values, as well as calculation of deferred tax / tax asset at the end of the financial year.

Basis for deferred tax	2015	2014
Other current balance sheet items		
Amount linked to current balance sheet items		
Deferred tax on equity transactions		
Deferred tax on revaluation model		
Loss carried forward*	155 136	192 629
Amount linked to long-term balance sheet items	**155 136**	**192 629**
Total basis for deferred tax assets	**155 136**	**192 629**
Total deferred tax (-) / tax assets		
- Deferred tax/ tax assets, companies taxed as shipping companies		
Deferred tax assets calculated	**38 784**	**52 010**

Calculation of deferred tax / tax asset		
Deferred tax asset recognised in balance sheet	5 250	6 000

* Large decrease is due to currency fluctuations between NOK and USD.

Deferred income tax and liabilities are offset when there is an enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income tax relate to the same fiscal authority.

Oceanteam has recognised USD 5.25 million as a deferred tax asset for the operations in the Netherland. The deferred tax asset is related to the equipment business, and is based on latest forecast for this business. This was written down form 6.0 million in Q4 2015 and plans indicates that there will be sufficient taxable profit to offset some of the tax loss carry forward before 2018, which is the period of utilisation. Contracts and budgeted revenue with customers gives convincing evidence to support the conclusion that the deferred tax asset can be recognised in the accounts.

Parent company Oceanteam ASA has suffered large tax losses from exiting the contracting business. The basis for potential deferred tax loss is estimated to amount to 152 million USD for the Norwegian entities and EUR 52 million for abroad operations. Confirmation from the tax authorities of a deferred tax loss of NOK 1.2 billion has been received in October 2015. The deferred tax losses are not recognised in the balance sheet as there is uncertainty to what extent the losses can be offset against future profits.

Revaluated vessels that are in the tonnage tax regime have no deferred tax on the revaluation surplus since taxed under the tonnage tax regime.

Note 14. Receivables

USD '000

	2015	2014
Trade receivables at nominal value	10 162	11 822
Less: provision for impairment of trade receivables	4 380	2 951
Trade receivables net	5 782	8 871
Other current receivables	14 054	9 464
Receivables 31.12.	**19 836**	**18 335**
Movements on the group provision for impairment of trade receivables are as follows:		
At 1 January	2 951	655
Provision for receivables impairment	1 429	2 296
At 31 December	**4 380**	**2 951**

The creation and release of provision for impaired receivables have been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Trade receivables		Other receivables	
	2015	Received in 2016	2015	Received in 2016
USD (Oceanteam Shipping segment)	2 892	2 276	11 159	1 305
EUR (Oceanteam Solutions segment)	2 890	2 436	2 896	426
Other				
Total	**5 782**	**4 712**	**14 054**	**1 731**

Note 15. Cash and cash equivalents

	2015	2014
Cash	4 733	44 547
Cash and cash equivalents 31.12.	**4 733**	**44 547**
Of which is restricted deposits*	**500**	**514**
Unused overdraft facilities 31.12. (in EUR '000)	**26**	**500**

* Restricted amounts consists of restricted cash limit for earnings account for the CSV vessels and the deducted employee tax within 2 months.

The cash on the group is restricted for USD 0.5 million USD in free cash of total in USD 4.7 million, consisting of EUR 0.1 million, NOK 1.6 million, USD 4.4 million, some GBP and MXN.

Note 16. Investments in Subsidiaries

Figures in USD '000

Overview subsidiaries:	Profit/ Loss	Equity	Head Office	Equity percentage	Voting share
Subsidiary companies:					
Oceanteam II BV	766	357	Amsterdam, Netherlands	100%	100%
Oceanteam Shipping GmbH*	(68)	(301)	Amsterdam, Netherlands	100%	100%
Oceanteam Shipping BV*	3 721	14 868	Amsterdam, Netherlands	100%	100%
Oceanteam Equipment Base Ltd**	(26)	(84)	Amsterdam, Netherlands	100%	100%
Oceanteam Mexico BV*	(21)	(144)	Amsterdam, Netherlands	100%	100%
Oceanteam Mexico SA de CV**	264	(116)	Mexico	90%	49%
RentOcean BV*	(294)	(283)	Amsterdam, Netherlands	100%	100%
Oceanteam Solutions BV*	2	50	Amsterdam, Netherlands	100%	100%
KCI International BV	(1 097)	(7 440)	Amsterdam, Netherlands	100%	100%
KCI The Engineers**	(949)	3 995	Schiedam, Netherlands	100%	100%
Oceanteam Shipping Monaco SAM	130	223	Monaco, France	100%	100%
North Ocean 309 AS	(87)	(164)	Bergen, Norway	100%	100%
Oceanteam Bourbon 4 AS	9 632	3 050	Bergen, Norway	50%	60%

*/**/ The shares are indirectly owned by Oceanteam ASA through subsidiaries.

The subsidiaries are fully consolidated. For Oceanteam Mexico SA de CV there is a 10% non controlling interest. Oceanteam Bourbon 4 AS has a material non-controlling interest of 50%.

Consolidated financial statements for Oceanteam and for Parent company Oceanteam ASA are available at www.oceanteam.no under investor - reports and presentation.

Non-controlling interests	Oceanteam Bourbon 4 AS
NCI percentage	50%
Non-current assets	132 113
Current assets	5 554
Non-current liabilities	(60 705)
Current liabilities	(8 497)
Net assets	**68 465**
Carrying amount of NCI	34 281
Revenue	19 395
Profit	6 722
Other comprehensive income	(15 770)
Total comprehensive income	**(9 048)**
Profit allocated to NCI	3 361
OCI allocated to NCI	(7 885)
Cash flows from operating activities	16 445
Cash flows from investing activities	(11 515)
Cash flows from financing activities	(10 620)
Net increase (decrease) in cash and cash equivalents	**(5 690)**
Dividends paid to non-controlling interests	(5 758)

For further information, ref note 27.

Note 17. Share Capital and Shareholder Information

Share capital

Pr 31.12.2015, Oceanteam ASA has share capital of NOK 20.993.451,- distributed on 29.593.259 shares. All shares are given equally voting rights.

Oceanteam owns a total of 2.959.324 own shares representing 9.99% of the shares in the Company. The calculations are made on the basis of 29.593.259 shares in the Company. The purpose of the buy-back is to secure Oceanteam's obligations related to the share based incentive plan for executives and employees, as detailed in resolution 10 of Annual General Meeting, held on 31 May 2012.

Shareholders	Notes	Number of shares	Prc. of total
UBS AG	1	9 533 720	32,2%
CLEARSTREAM BANKING S.A.		4 047 389	13,7%
OCEANTEAM ASA (own shares)		2 959 324	10,0%
OTTERLEI GROUP AS		1 781 566	6,0%
SKANDINAVISKA ENSKILDA BANKEN AB		1 399 567	4,7%
PERSHING LLC		910 043	3,1%
YOUNG NOUGATEERS AS		458 000	1,5%
ROYAL BANK OF SCOTLAND		447 947	1,5%
SPECTATIO FINANS AS		431 931	1,5%
RAGE, PER EGIL		389 057	1,3%
J.P. MORGAN CHASE BANK N.A. LONDON		373 558	1,3%
VARNER-GRUPPEN AS		350 211	1,2%
SKARET INVEST AS		244 600	0,8%
NILSEN, STEINAR JOHAN		235 100	0,8%
LANDRO, KENNETH		229 334	0,8%
NETFONDS LIVSFORSIKRING AS		222 820	0,8%
IMAGINE CAPITALS AS		208 261	0,7%
SKULSTAD, TORBJØRN		188 020	0,6%
MJELDE, ARVID BJARNE		142 000	0,5%
NYBORD, PER OLAV		128 102	0,4%
Subtotal 20 largest		**24 680 550**	**83,4%**
Others		4 912 709	16,6%
Total		**29 593 259**	**100%**

Board:			
Hessel Halbesma (UBS AG)	1	9 533 720	32,2 %
James Hill	1	30 000	0,1 %
Total for Board		**9 563 720**	**32,3 %**

Shareholders	Notes	Number of shares	Prc. of total
Management			
Haico Halbesma, CEO	1	9 594 707	32,4%
Torbjørn Skulstad, CFO	2	188 020	0,6%
Total of shares owned by executive employees		**9 782 727**	**33,1%**
Related parties			
Norha Invest AS	1	3 526	0,0%
Tor Arend Halbesma	1	50 000	0,2%
Total shares owned by related parties		**53 526**	**0,2%**
Total shares controlled by Halbesma familiy	1	**9 648 233**	**32,6%**

1. UBS ASG nominee account and Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam ASA. Haico Halbesma owns 60.987 shares privately and jointly controls 9.533.720 shares together with Hessel Halbesma. Tor Arend Halbesma is a son of Hessel Halbesma.

2. Torbjørn Skulstad is CFO of Oceanteam ASA.

For more information, please refer to related party transaction in note 20.

Note 18. Loans and borrowings

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

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 December 2015					
Bank/bond borrowings incl. Interest	16 865	107 173			123 674
Other current liabilities	18 396				18 396
Total liabilities	**35 261**	**107 173**			**142 070**
At 31 December 2014					
Bank/bond borrowings incl. Interest	67 180	17 761	104 423		189 364
Other current liabilities	11 609				11 609
Total liabilities	**78 789**	**17 761**	**104 423**		**200 973**

Loans/ Currency of loan		True rate of interest	31 Dec 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			259	3 368
Total long-term debt			**111 561**	**157 294**
**1st year principal repayments			8 100	43 100
***Borrowing costs			2 422	3 324
Total long-term debt			**101 038**	**110 870**

* 50% of interest 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. Latest valuation conclude that real value of the secured CSV vessels are significantly higher than the loan amount per 31 December 2015.

Borrowing costs are considered to be the difference between fair value and nominal value for the secured loans for the vessels. Reference Note 12 for details.

The Company's Bond Loan was last traded at 96.5 percent of nominal value in March 2015. Brokers estimate that fair value year end 2015 was in the range 60-70 percent of nominal value.

Total bank facilities

As per 31 December 2015 the total interest bearing debt of the Company is USD 117.1 million. The Company had a cash balance of USD 4.7 millions and 14.2 million available in revolver facility to finance future growth. The equity ratio was 42.6 percent per balance sheet date.

FRN Oceanteam Shipping ASA Senior Callable Bond Issue 2012/2017 - USD 92,5 million

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012.
The Bonds shall amortize as follows:

a) USD 35 million matured, with pro rata redemption, at the interest payment date April 2015 at 100% par value (plus accrued interest on the redeemed amount)

b) the remaining amount under the Bonds shall mature at the Final maturity date 24 October 2017

Coupon rate: 3 months Libor + 11,25% margin, quarterly interest payments.

Financial covenants:

- Book equity ratio of minimum 35%.
- Market adjusted equity ratio of minimum 25%.
- Gearing ratio:
  - maximum of 6.00 for the period 24 October 2012 – 23 October 2014.
  - maximum of 5.50 for the period 24 October 2014 – 23 October 2015.
  - maximum of 5.00 for the period 24 October 2015 – 24 October 2017.
- Debt service coverage ratio of minimum 1.00.

The Bond Loan is callable at any time in the time frames below:

- 24 October 2012 - 23 October 2013 at a price equal to 110% of par value.
- 24 October 2013 - 23 October 2014 at a price equal to 108% of par value.
- 24 October 2014 - 23 October 2015 at a price equal to 107% of par value.
- 24 October 2015 - 23 October 2016 at a price equal to 106% of par value.
- 24 October 2016 – 23 October 2017 at a price equal to 103% of par value.

Accrued interest on the redeemed amount will be added to the redemption price.

Cross Defaults
Cross default occurs if an event of default occurs for any financial indebtedness in any of the group companies, joint venture companies or associated companies, limited to an aggregate financial indebtedness of USD 4 million or above.

As of the balance sheet date and the reporting date, the company is in full compliance of the agreement.

Sparebank 1 SMN Bank, DVB Bank SE Nordic Branch and NIBC Bank N.V. - USD 66.000.000 - CSV 101

All amounts below are presented on 100 percent basis, please note that loan balance is only included pro rata in net investment in the group account.

Oceanteam Bourbon 101 AS (borrower) has entered into a senior secured term loan and guarantee facility agreement dated 6 July 2012 Sparebank 1 SMN bank, DVB Bank SE nordic Branch and NIBC Bank N.V as banks and with Sparebank 1 SMN as agent for a total amount of USD 66 million. The loan balance per 31 December 2015 is USD 44.6 million. The senior secured term loan will be repaid in 20 quarterly instalments of USD 1.65 million from 17 Octber 2012 until final installment of USD 33.0 million on 17 July 2017. The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate. Key loan covenants for the borrower include:

- Free cash of minimum USD 500.000. In addition cash for the quarterly repayment is built up monthly.
- Working capital to be positive at all times. First year installments are deducted from short term liabilities according to NGAAP.
- Maket value adjusted Equity of minimum 25%. Debt to share holders is considered equity.
- Vessel Value / Loan balance, minimum 135%.

Other key loan covenants include:

- Market value adjusted Equity of minimum 25% of total value adjusted assets (OTS Group, reporting quarterly).
- Market value adjusted Equity of minimum 25% of total value adjusted assets (BON, reporting semi-annually).

SpareBank 1 SMN Bank, DVB Bank SE Nordic Branch and NIBC Bank N.V – USD 81.000.000 – CSV Southern Ocean

All amounts below are presented on 100 percent basis, please note that 100 percent is included in the group accounts since this is a subsidary.

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 81 million with Sparebank 1 SMN Bank, DVB Bank SE Nordic and NIBC Bank N.V as lenders and Sparebank 1 SMN as facility agent. The balance of the loan per 31 December 2015 is USD 54.7 million. The loan will be repaid in 20 quarterly instalments of USD 2.025 million from 17 October 2012 and a balloon of USD 45.525 million expected in Q2 2017. The company have entered a Swap agreement with Sparebank 1 SMN where 50% of the principal will be repaid with a fixed interest rate.

Key loan covenants for the borrower include:

- Free cash of minimum USD 500.000. In addition cash for the quarterly repayment is built up monthly.
- Working capital to be positive at all times. First year installments are deducted from short term liabilities according to NGAAP.
- Market value adjusted Equity of minimum 25%. Debt to share holders is considered equity.
- Vessel Value / Loan balance, minimum 135%.

Other key loan covenants include:

- Market value adjusted Equity of minimum 25% of total value adjusted assets (OTS Group, reporting quarterly.
- Market value adjusted Equity of minimum 25% of total value adjusted assets (BON, reporting semi-annually).

GE Capital CEF Mexico, S. de R.L de CV - USD 11.116.102 - DOT Shipping AS

DOT Shipping AS (borrower) has entered into a loan agreement with GE Capital CEF Mexico, S. de R.L. de C.V. in the amount of USD 11.2 million. Contstructora Subacuatica Diavaz, S.A de C.V and Diavaz OceanTeam Servicios Navieros, S.A.P.I. CV are guarantors to the loan. Please note that loan balance is only included pro rata in net investment in the group account.

BNP Paribas - USD 69.443.000 - North Ocean 105 AS

North Ocean 105 AS (borrower) entered into a financing agreement of USD 69.4 million with BNP Paribas in September 2010. The loan will be repaid with 17 consecutive semiannual installments which commenced on October 1, 2012. Borrowings under the agreement are secured by, among other things, a pledge of all the equity of the Company, a mortgage on the North Ocean 105, and a lien on substantially all of the other assets of the Company. McDermott, which through its wholly owned subsidiary JRMN has a 75% ownership interest in the Company, has unconditionally guaranteed all amounts to be borrowed under the agreement.

The loan balance per 31 December 2015 is USD 32.7 million. Please note that loan balance is only included pro rata in net investment in the group account.

NIBC Bank N.V - EUR 15.000.000 Revolver Facility - RentOcean BV

RentOcean BV (borrower) entered in April 2015 into a EUR 15 million financial facility agreement with NIBC Bank N.V. Oceanteam ASA is guarantor for the facility. The facility matures in three years after the facility start date. The purpose of this facility is to draw loans with security in new solution contracts. The loans will be paid down quarterly over the duartion of the contracts.

Key loan covenants for the borrower include:

- Solvency is, at all times, at least 25%.
- The balance of the Debt Service Reserve account is:
  - (A) At all times at least EUR 50 000.
  - (B) At least EUR 100 000 at any time while the aggregate outstanding amount the the loans is more than EUR 5 million, but less than EUR 10 million.
  - (C) At least EUR 125 000 at any time while the aggregate outstanding amount of the loans is more than EUR 10 million.

The covenants for the guarantor are equal to the covenants for Oceanteam ASA in the bond agreement, please refer to more information on the bond agreement above.

Other loans

The Group also has two short term credit facilities.

SpareBank 1 SMN Bank – USD 3 million overdraft – Oceanteam ASA
Oceanteam ASA did in April 2015 draw a 3 million overdraft from SMN. The facility will mature in July2016.

Cöoperatieve Rabobank Amsterdam U.A – EUR 1.5 million overdraft – Oceanteam Shipping B.V.
Oceanteam Shipping B.V did in October 2015 draw a 1.5 million overdraft from Rabobank. The facility will be repayed with EUR 0.75 million in June 2016 and EUR 0.75 million in December 2016.

Note 19. Other current liabilities

USD'000

	2015	2014
Provisions	1 981	993
Holiday and wages due	485	400
Incurred interest costs	1 702	2 555
Other short term debt	14 228	10 452
Other current liabilities	**18 396**	**14 400**

Incurred interest costs are in USD for the bond loan and others loans.

Provision above are related to accruals for group companies and external companies. Other short term debts include outstanding balances with group companies, joint ventures and preinvoicing.

Note 20. Related parties

Heer Holland BV

This company is controlled by CEO Haico Halbesma, who has an service agreement with Oceanteam ASA. Monthly invoices are sent from Heer Holland BV of EUR 27.500 for management in 2015.

Feastwood Holding Ltd

Feastwood is controlled by Hessel Halbesma, chairman of Oceanteam ASA, and Haico Halbesma CEO of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates, recharges related to disbursements and fees for extraordinary work.

Cenzo

Cenzo is controlled by Catharina Petronella Johanna Pos, director of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements.

Groom Hill

Groom Hill is 33 percent owned by James Wingett Hill, director of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements.

Transactions with related parties:

USD'000	**Income/recharge exp.**		**Cost**		
Company	2015	2014	2015	2014	Type of transaction
Cenzo BV			(78)	(92)	Other services than Board committee
Oceanteam Holding BV		9		(136)	Other services than Board committee and Amstel Lease guarantee (ending 2014)
Feastwood Holding Ltd	119	130	(1 124)	(1 200)	Other services than Board committee
Heer Holland BV			(581)	(429)	Management Services
Bourbon Offshore Norway AS		8		(341)	JV Interests, shipman fee, handling fee, recharges
Groom Hill			(83)	(92)	Other services than Board committee

	Other balance		**Vendor balance**	
Intercompany balances	2015	2014	2015	2014
Cenzo BV				
Toha Invest BV				(36)
Oceanteam Holding BV				(3)
Feastwood Holding Ltd	546			(9)
Heer Holland BV			(30)	(33)
Challenger Management Services S.A.M				(7)
Bourbon Offshore Norway AS				(25)
J. Ray McDermott				

Note 21. 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. The Company does at reporting date not have any outstanding legal disputes and will focus on business going forward.

Oceanteam entered into a contract for two new FSV vessels in 2015, with a guaranteed buy-back options from the builder. If the vessels have not started on a contract by the end of August 2016, the builder has the right to sell the vessels to a third party. Any profit or loss on transaction to a third party will be split equally between Oceanteam and the builder. The management have good experiences with the Company's current FSV fleet and are confident that the newly acquired vessels will start operations before that time. The Company expect to have the vessels operational within the first half year of 2016.

The Company would like to note that it considers taking further legal action against former board member and shareholder Aksel M. Okland of North Sea Shipping. This for the alleged misuse of the Company's intellectual property, trade secrets and such for own interest, and allegedly having a conflict of interest while serving as a board member of the Company and the misuse of the board's position and powers in the period 2006 and 2010. During this period important issues relating to this case incurred and were his responsibility while serving as a board member.

Note 22. Contingent assets

In 2015 the Company won the dispute of a claim from a former creditor of a liquidated former UK entity for hire of a tugboat. The case was rejected by the Bergen Court in January 2012 and the Bergen Main Court closed the case in favour of Oceanteam ASA in May 2015. The total claim was EUR 695.581.

The Company has no other outstanding disputes.

Note 23. Guarantees

The parent company has issued guarantees for the subsidiaries and joint venture companies in the Group.
For all major assets, guarantees are in place.

Note 24. 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.

Note 25. Earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2015	2014
Net Profit (USD '000)	**(13 602)**	**(6 278)**
Shares per 1 January	29 593	29 593
Share consolidation (10:1)		
Issued, not registered shares		
Shares 31 December	29 593	29 593
Own shares 31 December	(2 959)	(2 959)
Weighted average of shares during the year	**26 634**	**26 634**
Earnings per share (USD)	**(0,51)**	**(0,24)**

*Please refer to note 17 for Share Capital and Shareholders information and note 18 for repayment of bond loan.

Note 26. Equity accounted investees

Joint ventures

DOT Shipping, a joint venture with 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 Group	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.

Figures in USD '000	DOT Shipping Group		Oceanteam Bourbon Spares & Equipment AS	
	2015	**2014**	**2015**	**2014**
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)
Net assets (100%)	**15 433**	**12 940**	**(38)**	**119**

Figures in USD '000	DOT Shipping Group		Oceanteam Bourbon Spares & Equipment AS	
	2015	**2014**	**2015**	**2014**
Revenue	3 603			103
Depreciation and amortisation	(425)		(84)	(23)
Interest income			(0)	
Interest expense	(646)	(27)	20	(12)
Income tax expence				(23)
Profit and total comprehensive income 100%	301	(154)	(157)	376
Profit and total comprehensive income in Group	134	(62)	(79)	188
Other comprehensive income				
Group's share of profit and total comprehensive income	**134**	**(62)**	**(79)**	**188**
Dividends received by the Group				

Figures in USD '000	DOT Shipping Group		Oceanteam Bourbon Spares & Equipment AS	
	2015	**2014**	**2015**	**2014**
Group's interest in net assets of investee at beginning of year	2 881		76	144
Investments during the year	2 716	2949	(13)	
Total comprehensive income attributable to the Group	135	(68)	(79)	(68)
Total other comprehensive income attributable to the Group				
Carrying amount of interest in investee at 31 December 2015	**5 731**	**2 881**	**(16)**	**76**

Cont. Note 26. Investment in associates

Associates

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

North Ocean 105 AS is an unlisted company of 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 North Ocean 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 has 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.

For information about financial covenants related to bank loan in Oceanteam Bourbon 101 AS, please see note 18.

Figures in USD '000	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2015	**2014**	**2015**	**2014**
Current assets	7 450	8 741	1 687	8 792
Non current assets	58 261	63 132	102 748	107 782
Current liabilities	(8 828)	(9 185)	(1 859)	(12 192)
Non-current liabilities	(53 133)	(61 386)	(53 227)	(63 177)
Net assets	3 750	1 301	49 350	41 205
Group's share of net assets	**1 875**	**651**	**12 338**	**10 301**
Revenue	23 590	23 702	16 346	23 777
Profit from continuing operations (100%)	10 449	10 094	8 145	8 213
Other comprehensive income (100%)				796
Total comprehensive income	**10 449**	**10 094**	**8 145**	**9 009**
Total comprehensive income according to ownership interest	5 225	5 047	2 036	2 252
Elimination for unrealised profit on downstream sales				
Group's share of profit and total comprehensive income	**5 225**	**5 047**	**2 036**	**2 252**

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	29 050	13 043	17 852
Total comprehensive income attributable to the Group	(5 500)		(600)	2 252
Total other comprehensive income attributable to the Group	5 225	5 047	2 235	(3 884)
Dividends recevied during the year	(10 981)	(7 269)	(1 143)	
Wrongly booked from previous year				(3 177)
Carrying amount of interest in investee at end of year	**15 571**	**26 828**	**13 536**	**13 043**

Note 27. 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 BV

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

Primary reasons for buying the remaining 30 percent shares in KCI are that Oceanteam sees the advantages by fully implementing the engineering business within the Group and makes use of the synergy that arises by this business combination. The engineers are adding significantly value to the Solutions business. Oceanteam has a vertical integration in the value chain and can add more value to its clients through combining the knowledge and the high end quality assets giving the right cost efficient solutions for our clients.

Note 28. Fair value measurements

Fair value measurement of vessels

A valuation of the group's vessels and the participation in Lay Vessel North Ocean 105 was performed by the Company to determine the fair value of the vessels and the interest in Lay Vessel North Ocean 105 as at 31 December 2015. All vessel owning companies are equity accounted except the Oceanteam Bourbon 4 AS which is 100 percent consolidated. 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).

Fair value measurements at 31 December 2015			Figures in USD '000
	Level 1	Level 2	Level 3
Recurring fair value measurements			
Construction and support vessels			129 455
Investments in associates			12 236
Investment in joint ventures			17 763
Total carrying amount 31.12.15			**159 454**

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

Fair value measurements using significant unobservable inputs (Level 3)	
Opening balance 31.12.2014	196 573
Transfers to/(from) Level 3	
Additions	8 501
Disposals	(14 259)
Depreciation	(6 481)
Gains and losses on revaluation recognised in the profit and loss statement	(24 879)
Closing balance 31.12.2015	**159 454**

Sensitivity in fair value measurements in the 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.

	Decrease	Actual	Increase
Fair value measurement 31.12.15		**159 454**	
Sensitivity to 1% change in WACC	**162 373**	**159 454**	**156 535**
Sensitivity to 5% change in broker valuations	**153 915**	**159 454**	**164 993**

There is a possibility that BP will complete the cancelation of CSV Bourbon Oceanteam 101 in May 2016. The fair value 31.12.2015 decreases about 0.7 million USD if we assume that the vessel will be canceled and not obtain more work in 2016. Management are currently discussing new alternatives if BP complete the cancelation, and management are optimistic for the opportunities.

Valuation processes of the Group

The group's finance department includes a team that performs the valuations of the vessels and the interest in Lay Vessel North Ocean 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.

The valuations of the level 3 vessels and interest in Lay Vessel North Ocean 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:

- Two external valuations from indepedent brokers is used a basis for the market approach. The brokers valuations are based on the assumption that the construction support vessels and Lay vessels are traded between a willing buyer and a willing seller in an active market. Inputs in the valuation includes:
  - 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

These assumptions above form the brokers sole opinion of the fair market value. The valuations are based on each vessel traded in the market free of any charter. The brokers valuations are performed at end of each quarter.

- As the market for CSV vessels is carachterised by few transactions of similiar tonnage, and charter rates are often adjusted to specific projects, the valuations are mostly based on brokers opinion of recent newbuilding quotes of similiar tonnage and equipment.

- In general, the brokers state that they cannot as brokers give any assurance that the valuation can be substained or realisable 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 realised would be equal to the total of the individual valuations.

- The estimated economical lifetime is 25 years from delivery of the vessel.

- The calculated cash flow from the charter on the revalued vessel is being compared with the estimated brokers charter implied by market values estimated by brokers.

- 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 of 9.00%. The calculation of the WACC has the following assumptions:
  - 10 year state USD.
  - A 40/60 ratio of equity/debt.
  - A 1.2 Equity Beta.

* Per balance sheet date the CSV 101, CSV 104 and LV 105 was revaluated.

The option price for the LV North Ocean 105 is included in the cash flow connected to the vessels. The option can be called in Q2 2017. When the option period commences, McDermott will have 60 days to call the option. If the option is not called within the option window, the call option will go to Oceanteam Shipping. The option excercise price for the Lay Vessel North Ocean 105 is USD 95.9 million at the initial transaction date of 20 April 2012 depreciated over 20 years with adjustments for working capital and adjustment for equipment set at an initial value of USD 22.1 million.

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

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 Vessels and the LV vessel. The accounting impact when applying the revaluation model is that the CSV and LV 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” is affected by the revaluation method. The historical costs for the CSV vessels are shown in the table above for tangible asset under the column “Construction and Support Vessels” and also the revaluation surplus under the line revaluation reserve in the table.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015	Valuation techniques
CSV’s and LV (100%)	299 500	Market approach
CSV’s and LV (100%)	302 165	Income approach

CSV Tampamachoco 1 is currently being built and is not included in the revaluation. The new vessel will be revaluated upon completion.

Note 29. Classification financial assets and liabilities

Financial assets	2015		2014	
	Loans and receivables	Total	Loans and receivables	Total
Trade receivables	5 782	5 782	8 871	8 871
Other current receivables	14 054	14 054	9 464	9 464
Cash and cash equivalents	4 733	4 733	44 547	44 547
Total financial assets	**24 570**	**24 570**	**62 882**	**62 882**

Fiancial liabilities	2015			2014		
	Liabilities held to maturity	Other liabilities	Total	Liabilities held to maturity	Other liabilities	Total
Loans and borrowings	101 038		101 038	157 294		157 294
Non-current fiancial liabilities						
First year instalments	8 100		8 100	43 100		43 100
Trade payables and other current liabilities	4 880	19 079	23 959	5 893	14 400	20 293
Total financial liabilities	**114 018**	**19 079**	**133 097**	**206 287**	**14 400**	**220 687**

Liabilities held to maturity are carried at amortised cost. For further information, please refer to loans and borrowings in note 18, and accounting principles in note 2.

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Financial Statements Parent

Income statement
01.01 2015 – 31.12 2015

Amount in USD '000	Notes	2015	2014
Operating expenses			
Payroll expenses	3, 14, 19	2 322	2 912
Depreciation	7	490	117
Other operating expenses	3, 16	1 461	3 216
Total operating expenses		**4 273**	**6 245**
Operating profit and loss		**(4 273)**	**(6 245)**
Financial income and expense			
Profit on investment in joint ventures, subsidiairies and associates	2, 4	13 897	24 527
Interest from group companies	4	1 101	1 571
Foreign exchange result	4	(199)	(2 174)
Write-off	4, 18	(1 976)	(135)
Other financial expenses	4	(210)	(5 117)
Net financial income/expenses	4	(9 507)	(12 225)
Net finance		**3 105**	**6 446**
Profit / loss before income tax		**(1 168)**	**201**
Tax on ordinary income	5		
Net profit / loss		**(1 168)**	**201**
Attributable to:			
Other equity	13	(1 168)	201
Total		**(1 168)**	**201**

Financial position 31 december 2015

Assets

Amount in USD '000	Note	2015	2014
Non-current assets			
Intangible assets			
Project strategy, concessions & rights	7	327	567
OTS Designs	7	999	1 177
Total intangible assets		**1 326**	**1 744**
Tangible assets			
Office equipment	7	261	215
Total tangible assets		**261**	**215**
Financial assets			
Investments in joint ventures and subsidiaries	8	41 917	49 060
Loans to group companies	9, 10	52 173	42 581
Investments in associates	7, 8	4 548	1 908
Total financial assets		**98 638**	**93 549**
Total non current assets		**100 224**	**95 508**
Receivables			
Other receivables		1 198	1 798
Total receivables		**1 198**	**1 798**
Cash and cash equivalents	11	1 687	36 762
Total current assets		**2 885**	**38 559**
Total assets		**103 110**	**134 067**

Financial position 31 december 2015

Equity and liabilities

Amount in USD '000	Note	2015	2014
Equity			
Owners equity			
Share capital	12, 13	2 595	2 595
Holdings of own shares	12, 13	(257)	(257)
Share premium reserve	13	1 304	1 304
Total owners equity		**3 642**	**3 642**
Accumulated profits			
Other equity	13	37 602	38 769
Total accumulated profits	13	**37 602**	**38 769**
Total equity		**41 244**	**42 411**
Liabilities			
Bond loan	10	54 854	53 432
Other non-current liabilities	9, 10	126	48
Total other non current liabilities		**54 980**	**53 480**
Current liabilities			
Liabilities to financial instution		3 000	35 000
Accounts payable		1 814	934
Public duties payable		39	37
Other current liabilities		2 033	2 206
Total current liabilities		**6 886**	**38 177**
Total Liabilities		**61 866**	**91 657**
Total equity and liabilities		**103 110**	**134 067**

Bergen, 28 April 2016
The board of Directors Oceanteam ASA

Hessel Halbesma
Chairman

Catharina Pos
Director

James Hill
Director

Haico Halbesma
Chief Excecutive Officer

Cash flow statement
01.01 – 31.12

PARENT

Amount in USD '000	2015	2014
Cash flow from operating activities		
Profit/ (loss) before income taxes	(1 168)	201
Depreciation	490	117
Write off assets	150	
Paid taxes		
Change in accounts receivables		(910)
Change in accounts payable	881	(390)
Items classified as investment/financing activities	(13 897)	796
Change in other accruals	678	1 590
Net cash flow from operating activities	**(12 561)**	**1 404**
Cash flow from investing activities		
Paid-out from purchase of fixed assets	(573)	(172)
Paid in dividend from subsidiaries	12 469	
Paid-out for loan to subsidiaries and associates	(6 913)	
Paid in from sale of shares	5	31 138
Purchase of shares	(2 657)	
Decrease of share capital	7 154	
Net cash flow from investing activities	**9 486**	**30 966**
Cash flow from financing activities		
Paid-in from new loans raised	3 000	
Issuance of debt		
Paid out - non current liabilities	(35 000)	
Treasury shares		
Paid out - short term debt		
Paid in Equity		
Paid-in dividend		
Net cash flow from financing activities	**(32 000)**	
Net change in cash and cash equivalents	(35 074)	32 370
Cash acquire in merger		
Cash and cash equivalents at 01.01	36 761	4 391
Cash and cash equivalents at 31.12	**1 687**	**36 761**

Notes to the financial statements parent

Note 1. Primary accounting principles

The financial statements, which have been presented in compliance with the Norwegian Public Liability Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2015, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. The different accounting principles are further commented on below.

Assets/ liabilities related to current business activities and items which fall due within one year are classified as current assets/ liabilities. Current assets/ short-term debts are recorded at the lowest/ highest of acquisition cost and fair value. The definition of fair value is the estimated future sales price reduced by expected sales costs. Other assets are classified as fixed assets. Fixed assets are entered in the accounts at historical cost, with deductions for depreciation. In the event of a decline in value which is not temporary, the fixed asset will be subject to a write-down. The same principle applies to liabilities.

According to generally accepted accounting standards there are some exceptions to the basic assessment and valuation principles. Comments on these exceptions can be found in the respective notes to the accounts. When applying the basic accounting principles and disclosure of transactions and other items, the “substance over form” rule is adopted. Contingent losses which are probable and quantifiable are charged to the profit and loss account.

The Company has until year 2013 reported financial statement in Norwegian Kroner. From 1 January.2014, the reporting currency has been changed to USD. The Company has chosen to apply a full retrospective approach for the new reporting currency.

Accounting principles for material items

Revenue recognition

Revenue is normally recognised at the time of delivery of services. Oceanteam ASA issues management fees to companies in the same Group which goes to cost reduction in the same account group as the invoiced companies will book to cost. There are also calculated interests for intercompany receivable based on intergroup cash pooling agreement.

Other operating expenses

Other cost which are not related to day to day operations are classified as other operating expenses.

Dividends

Dividends, group contributions and other distributions are recognised in the same year as they are recognised in the subsidiary or joint venture financial statement. If dividends / group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Dividend from subsidaries and Joint ventures will only be recognised per balance sheet date if it's significantly more likely than not that the dividend will be approved in the relevant company. Any dividend received from Joint venture companies must be paid directly into the dividend account to serve the bond loan according to agreement.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Pensions

The Company has a pension scheme that is classified as a defined contribution plan. The defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Depreciation

Based on the historical cost of the asset, straight line depreciation is applied over the useful economic life of the fixed assets. The same rules apply for intangible fixed assets. Depreciation is classified as an operating cost. Finance leases are depreciated over the term of the lease and the liability is reduced in line with the lease payments after deducting interest.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/ tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 25 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised.

Foreign currency translation

Functional and reporting currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional and reporting currency are in USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognised at nominal value.

Intangible assets

Intangible assets are recognised to the extent that the criteria for capitalisation are met and are measured at cost and accumulated impairment losses.

Intangible assets are to be tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Tangible assets

Tangible assets are entered in the accounts at historical cost, with deductions for accumulated depreciation and write-down. If the fair value of a tangible asset is lower than book value, and the decline in value is not temporary, thet tangible asset will be written down to fair value.

Periodic maintenance and repairs are accounted for on an accruals basis. Costs related to normal maintenance and repairs are expensed as incurred. Costs related to major renewals and changes that increase the economic life of the tangible asset materially are capitalised. Assets are capitalised when a finite economic useful life can be defined, and the cost is deemed to be significant. Interest costs related to tangible assets under construction are capitalised as a part of the acquisition cost.

Finance costs related to assets under construction are capitalised as a part of the acquisition cost.

Investment in Joint Ventures. Subsidiaries and Associates

Subsidiaries and investments in joint ventures and associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiaries and the joint ventures, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Account receivables and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Cash flow statement

The cash flow statement is presented using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Currency

Cash, receivables, liabilities in foreign currency is valued using exchange rate at year end.

Events after the balance sheet date

New information on the Company's positions at the balance sheet date is taken into account in the annual financial statements.

Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will affect the Company's position in the future, are stated if significant.

Note 2. Profit on investment

USD '000

	2015	2014
By business area		
Profit from sale of shares		8 337
Dividend from joint venture companies		5 439
Dividend from subsidiaries	6 347	5 250
Dividend from associates	7 550	5 500
Total	**13 897**	**24 527**

Geographical distribution		
Europe	13 897	24 527
Total	**13 897**	**24 527**

Note 3. Employees, Board and auditor

USD '000

	2015	2014
Employee benefits expense		
Salaries	379	457
Social security	65	69
Pension costs	29	54
Other benefits	138	29
Payroll expenses invoiced from other group companies	1 711	2 302
Total	**2 322**	**2 912**
Employees in Oceanteam ASA in average	5	6

Management and remuneration

2015	Position	Board fees	Wages	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO		365		232	597
Torbjørn Skulstad	CFO		107	8	188	303
Hessel Halbesma	Chairman	37			1 021	1 058
Mrs Catharina Pos	Director	25			95	120
Mr James Hill	Director	25			99	124
Total		**87**	**471**	**8**	**1 635**	**2 201**
2014						
Haico Halbesma	CEO		429		450	879
Torbjørn Skulstad	CFO		127	10	248	385
Hessel Halbesma	Chairman	47			900	947
Mrs Catharina Pos	Director	31			92	123
Mr James Hill	Director	31			92	123
Total		**109**	**555**	**10**	**1 782**	**2 456**

There are no options or pensions plans for the CEO. Annual salary is EUR 330.000/ year. From 2011 the CEO has entered a service agreement through his company Heer Holland B.V. In 2015 a EUR 204,000 incentive bonus was awarded to the CEO. The CFO was awarded an incentive bonus of EUR 100,000 this is not included in the numbers above.

For the year 2015, the agreed fee for the chairman of the board is NOK 300.000 and NOK 200.000 for the other members of the board. In addition, the agreed fee for extraordinary work for the board committee is EUR 300 per hour, maximum EUR 2 500 per day.

The management has an incentive scheme where the incentive is connected to "HR SMART" objectives and appraisals and is based on the yearly gross salary. The incentive can either be paid out in shares or in cash. If payment should be in shares, share prices will be calculated at market value.

The management of the Company has not received any share-based payment in 2015.

In 2014 all employees in Oceanteam were included in an incentive plan. The purpose of the incentive plan, is to advance the interests of the Company's shareholders by enhancing the Company's ability to attract, retain and motivate employees who are expected to make important contributions to the Company. By providing such persons with performance-based incentives, we align the interests of such persons with those of the Company's shareholders. The award is expressed in phantom shares with a two year duration started 30 September 2014. At the expiration date 30 September 2016 a value equal to one Company share on the Oslo Stock Exchange (20 days average closing price) will be paid. The total liability for the Company from this incentive plan is calculated to 426 000 USD on current company share price.

There has not been given loans, advance payments and security by the Company or other companies in the group to the individual senior executives and the individual members of the board of directors, audit committee and other elected corporate bodies.

There has neither been given remuneration, pensions plans or other benefits to elected corporate bodies.

Auditor

Auditor's fee consists of the following:

USD '000

	2015	2014
Statutory audit	392	434
Other assurance services	178	56
Tax advisory	15	56
Other	8	
Total	**593**	**546**

VAT is not included in the auditor's fee.

Note 4. Financial income and financial expenses

USD '000

	2015	2014
Finance income		
Income investment in joint ventures		5 439
Income investment in subsidiairies	6 347	5 250
Income from associates	7 550	5 500
Income from sale of shares		8 337
Interest income from group companies	1 101	1 571
Other interest income	29	2
Other financial income (agio)	40	(50)
Write-off investments		
Total finance income	**15 068**	**26 049**
Finance costs		
Reversing write-down investment in subsidiaries		(135)
Write-down investments	(1 976)	
Interest expenses	(9 031)	(11 750)
Call premium	(476)	(476)
Other financial expenses	(239)	(5 194)
Other financial cost (disagio)	(240)	(2 048)
Total finance costs	**(11 961)**	**(19 603)**
Result financial items	**3 106**	**6 446**

Note 5. Income taxes

USD '000

	2015	2014
Income tax expense		
Tax payable		
Tax payable previous year		
Changes in deferred tax		
Total income tax expense		
Tax base calculation		
Profit before income tax	(1 168)	201
Permanent differences	(13 548)	(15 606)
Changes in temporary differences	168	411
Corrections from previous periods	475	2 466
Translation differences	517	
Tax base	**(13 548)**	**(12 528)**
Temporary differences:		
Fixed assets	1 086	2 912
Non-current receivables		
Non current assets		
Current assets		
Profit and Loss account	173	264
Tax-deductible part of write-down		
Taxable income from Subsidiairies		
Effect foreign exchange on long-term liabilities		
Other temporary differences		
Total	**1 259**	**3 176**
Loss carry forward	(190 747)	(198 090)
Taxable income from Subsidiairies		
Total	**(189 488)**	**(194 914)**
Temporary differences not included in base for calculating deferred tax	(189 488)	(194 914)
Deferred tax liability (asset)		
Effective tax rate	**2015**	**2014**
Expected income taxes at statutory		
Tax rate 27%	(315)	54
Permanent differences 27%	(3 658)	(4 214)
Change in temp. differences not recognised	3 973	4 159
Income tax expense		
Effective tax rate in %	0,0%	0,0%

Note 6. Deferred tax

Confirmation from the tax authorities of a deferred tax loss of NOK 1.2 billion has been received in October 2015. Deferred tax assets are not recognised in the balance sheet as there is uncertainty regarding utilisation in foreseeable future.

Note 7. Assets

Intangible assets

USD '000

	2015	2014
IP licences		
Acquisition cost at 01.01.	567	502
Additions	387	65
Depreciations	(172)	
Disposals	(455)	567
Book value 31.12	**327**	**567**
OTS Designs		
Acquisition cost at 01.01.	1 178	1 223
Additions	72	
Depreciations	(250)	
Disposals		(45)
Book value 31.12	**999**	**1 178**

This balance item include cost related to design of vessel for 300-series. This project started already in 2011 and so far been through different performance studies where KCI, Marin and several external consultants have been engaged. Oceanteam have also initiated for research work related to a whole new design and will have the rights and ownership to all outcome of this project when it comes to drawings, researches, tests etc. Depreciations started in 2015, with a useful economic life estimated to 5 years.

Tangible assets

USD '000

	2015	2014
Property, plant and equipment. movables, fixtures a.o.		
Acquisition cost at 01.01.	215	386
Additions	115	101
Disposals		
Acquisition cost 31.12.	329	486
Accumulated depreciation at 31.12.	(340)	(272)
Book value at 31.12.	**261**	**215**
Depreciation for the year	(69)	(117)
The useful economic life is estimated to be:	3-5 years	3-5 years

Note 8. Investment in subsidiaries, joint ventures and associates

		Acquired	Location	Ownership share	Voting share
Oceanteam Bourbon 101 AS		2006	Bergen	50%	50%
Oceanteam Bourbon 4 AS		2006	Bergen	50%	50%
North Ocean 105 AS		2010	Bergen	25%	25%
North Ocean 309 AS		2011	Bergen	100%	100%
Oceanteam Bourbon Spares & Equipment AS		2012	Bergen	50%	50%
DOT Holdings AS		2014	Bergen	40%	50%
Oceanteam Shipping B.V	*	2011	Amsterdam	100%	100%
Oceanteam II BV		2007	Amsterdam	100%	100%
DOT Shipping BV		2014	Amsterdam	40%	50%
Oceanteam Solutions B.V	*	2012	Amsterdam	100 %	100%
Oceanteam Mexico B.V		2008		100 %	100%
RentOcean BV	*			100 %	100%
Oceanteam Mexico S.A de C.V	*	2008	Ciuadad del Carmen	90 %	49%
DOT shipping S.A. de C.V		2014	Mexico City	40 %	50%
KCI International B.V		2008	Schiedam	100%	100%
KCI the Engineers B.V**	*	2008	Schiedam	100%	100%
Oceanteam Shipping GmbH	*	2007	Amsterdam	100%	100%
Oceeanteam Shipping Monaco		2011	Monaco	100%	100%

The investments in subsidiaries are valued at the lower of cost and net realisable value.

Investments valued at cost (company accounts) **USD '000**

Company name	Share capital	Number of shares	Book Value	The Company's total equity	Net profit 2015
	USD		USD	USD	USD
Oceanteam Bourbon 101 AS	402	2 610	294	3 750	10 449
Oceanteam Bourbon 4 AS	3 010	100	1 681	3 050	9 430
North Ocean 105 AS	22 166	19 119	4	49 350	8 145
North Ocean 309 AS	17	100	19	(164)	(87)
Oceanteam Bourbon Equipment & Spares	5	30	3	(38)	(157)
DOT Shipping AS	135	800		2 685	740
DOT Holdings AS	434	2 400	4 244	10 694	(239)
Sum			**6 245**	**69 328**	**28 281**

Abroad companies in EUR '000	Share capital	Number of shares	Book value in OTS ASA	The Company's total equity	Net profit 2015
	EUR		USD	EUR	EUR
Oceanteam II BV	20	18 000	27 948	328	529
Oceanteam Energy Holding NV	49	45 000	12 039	(6 613)	(31)
RentOcean BV	10	10 000	11	(236)	(246)
Oceanteam Shipping Monaco SAM	150	1 500	216	203	128
DOT Shipping BV	10	10 000	5	37	38
Sum			**40 220**	**(6 281)**	**419**

Note 9. Intercompany balances with group companies and associates

USD ‘000

Intercompany balances	2015	2014
Oceanteam Bourbon 101 AS	6 344	8 852
Oceanteam Bourbon 4 AS	9 797	7 603
Oceanteam Bourbon Spares & Equipment AS	679	49
Oceanteam Shipping GmbH*		329
Oceanteam II BV	7 285	182
Oceanteam Mexico SA de CV*	4 570	5 550
Imera NV		105
Oceanteam Mexico BV*		122
KCI International BV	3 438	3 217
Oceanteam Equipment Base Ltd*		235
North Ocean 309 AS	650	546
Oceanteam Shipping Monaco SAM	(114)	215
Oceanteam Solutions BV	(70)	(141)
RentOcean BV	5 207	
North Ocean 105 AS	8 118	5 008
Oceanteam Shipping BV	785	6 669
KCI the Engineers BV	1 451	2 441
DOT Servicios Navieros SAPI de CV	363	37
DOT Shipping BV	25	8
DOT Shipping AS	62	1 405
DOT Holdings AS	3 582	150
Sum	**52 173**	**42 581**

* To be prudent the Company has done the following adjustments even though it is still strongly pursuing the interest to create future revenue and liquidity in the underlying subsidiaries and associates: In Oceanteam Shipping GmbH the book value of USD 387 155 has been written off. In Oceanteam Mexico SA de CV the balance has been partly written off with USD 736 000. In Oceanteam Mexico BV the book value of USD 141 820 has been written off. In Oceanteam Equipment Base Ltd the book value of USD 252 669 has been written off.

Note 10. Receivables and liablilites

USD '000

	2015	2014
Receivables/ liabilities due in more than one year		
Loans to group companies	52 173	42 581
Long term liabilities due in more than one year		
Bond Loan - nominal value	(56 150)	(90 674)
Bond Loan - expected call premium accrued	(476)	(476)
Borrowing cost (to be amortized over loan period)	1 773	2 718
SMN extended draw down bond loan	(3 000)	
First year installments and other long term debt	(126)	34 952
Total	**(57 980)**	**(53 480)**

FRN Oceanteam Shipping ASA Senior Callable Bond Issue 2012/2017 - USD 92,5 million

The Company has issued an unsecured bond loan in the amount of USD 92.5 million dated 24 October 2012. The Bonds shall amortize as follows:

a) the remaining amount under the Bonds shall mature at the Final maturity date 24 October 2017.

Coupon rate: 3 months Libor + 11,25% margin, quarterly interest payments.

Financial covenants:

- Book equity ratio of minimum 35%.
- Market adjusted equity ratio of minimum 25%.
- Gearing ratio:
    - maximum of 6.00 for the period 24 October 2012 -23 October 2014
    - maximum of 5.50 for the period 24 October 2014 - 23 October 2015
    - maximum of 5.00 for the period 24 October 2015 - 24 October 2017
- Debt service coverage ratio of minimum 1.00.

The applicable Redemption Price for the bond loan is at any time as follows:

- 24 October 2012 - 23 October 2013 at a price equal to 110% of par value.
- 24 October 2013 - 23 October 2014 at a price equal to 108% of par value.
- 24 October 2014 - 23 October 2015 at a price equal to 107% of par value.
- 24 October 2015 - 23 October 2016 at a price equal to 106% of par value.
- 24 October 2016 - 23 October 2017 at a price equal to 103% of par value.

Accrued interest on redeemed amount will be added to redemption price.

Cross Default

Cross default occurs if an event of default occurs for any financial indebtedness in any of the group companies, joint venture companies or associated companies, limited to an aggregate financial indebtedness of USD 4 million or above.

As of the balance sheet date and the reporting date, the Company is in full compliance of the agreement.

Note 11. Bank deposits

Tax deducted from employees, deposited in a separate bank account NOK 229.027.
Oceanteam ASA deposit bank guarantee for legal case amount NOK 5.446.736.

Note 12. Share capital and shareholder information

Share capital Pr 31.12.2015

Oceanteam ASA has share capital of NOK 14.796.629,- distributed on 29.593.259 shares. All shares are given equally voting rights.

Oceanteam owns a total of 2.959.324 own shares representing 9.99% of the shares in the Company. The calculations are made on the basis of 29.593.259 shares in the Company. The purpose of the buy-back is to secure Oceanteam's obligations related to the share based incentive plan for executives and employees, as detailed in resolution 10 of Annual General Meeting, held on 31 May 2012.

Shareholders		Number of shares	Equity interest
UBS AG	1	9 533 720	32,2%
CLEARSTREAM BANKING S.A.		4 047 389	13,7%
OCEANTEAM ASA (own shares)		2 959 324	10,0%
OTTERLEI GROUP AS		1 781 566	6,0%
SKANDINAVISKA ENSKILDA BANKEN AB		1 399 567	4,7%
PERSHING LLC		910 043	3,1%
YOUNG NOUGATEERS AS		458 000	1,5%
ROYAL BANK OF SCOTLAND		447 947	1,5%
SPECTATIO FINANS AS		431 931	1,5%
RAGE, PER EGIL		389 057	1,3%
J.P. MORGAN CHASE BANK N.A. LONDON		373 558	1,3%
VARNER-GRUPPEN AS		350 211	1,2%
SKARET INVEST AS		244 600	0,8%
NILSEN, STEINAR JOHAN		235 100	0,8%
LANDRO, KENNETH		229 334	0,8%
NETFONDS LIVSFORSIKRING AS		222 820	0,8%
IMAGINE CAPITALS AS		208 261	0,7%
SKULSTAD, TORBJØRN		188 020	0,6%
MJELDE, ARVID BJARNE		142 000	0,5%
NYBORD, PER OLAV		128 102	0,4%
Subtotal 20 largest		**24 680 550**	**83,4%**
Others		4 912 709	16,6%
Total		**29 593 259**	**100%**

Shareholders		Number of shares	Equity interest
Board:			
Hessel Halbesma (UBS AG)	1	9 533 720	32,2%
James Hill	1	30 000	0,1%
Total for Board		**9 563 720**	**32,3%**
Management			
Haico Halbesma, CEO	1	9 594 707	32,4%
Torbjørn Skulstad, CFO	2	188 020	0,6%
Total of shares owned by executive employees		**9 782 727**	**33,1%**
Related parties			
Norha Invest AS	1	3 526	0,0%
Tor Arend Halbesma	1	50 000	0,2%
Total shares owned by related parties		**53 526**	**0,2%**
Total shares controlled by Halbesma familiy	1	**9 648 233**	**32,6%**

‘1. UBS ASG nominee account and Norha Invest AS is controlled by the Halbesma family. Haico Halbesma is currently CEO and Hessel Halbesma is Chairman of Oceanteam ASA. Haico Halbesma owns 60.987 shares privately and jointly controls 9.533.720 shares together with Hessel Halbesma. Tor Arend Halbesma is a son of Hessel Halbesma.

2. Torbjørn Skulstad is CFO of Oceanteam ASA.

For more information, please refer to related party transaction in Note 20.

Note 13. Equity

USD ‘000

	Share capital	Own shares	Premium	Accumulated	Sum
Equity 31.12.14	2 595	(257)	1 304	38 770	42 411
Net profit for the year				(1 168)	(1 168)
Equity 31.12.15	**2 595**	**(257)**	**1 304**	**37 602**	**41 244**

Adjustments directly to equity of the amount of USD 2.352.770 have been done in 2013 figures due to interests to Oceanteam Shipping BV was not taken into account. The balance post for this posting is intercompany loan. Purchase of own shares see specification in note 3

Note 14. Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension (“lov om obligatorisk tjenestepensjon”). The Company’s pension scheme meets the requirements of that law. The Company’s pension scheme is a defined contribution plan funded through an insurance company.

Note 15. Events after the balance sheet date

The following info is relevant for subsidiaries, and OTS ASA is consequently affected.

- 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.

Note 16. Market risk

Oceanteam ASA has the exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk, and cash flow interest rate risk)

The credit risk of receivables in group will be depending on performance of the actual operations in the subidiary, joint venture or associate.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company is receiving their revenue and thus cash liquidity from their subsidiaries and associates, and is consequently depending on the liquidity in these companies. With the current market conditions the Company is more exposed to liquidity risk in the future, however in 2015 the liquidity has been mainly streamed from the vessel companies which are on long term charter contracts.

The market risk with regards to currency risk has been minimised since the currency was changed to USD. The bond loan is in USD and so is mainly Oceanteam ASA’s revenues which are dividend and intercompany interests and management fees. Other liabilities are a mix of mainly USD, EUR and NOK but the risk here is not considered material.

Please refer to note 3 and 18 in the consolidated financial statement for more information on relevant risks.

Note 17. 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. The Company does at reporting date not have any outstanding legal disputes and will focus on business going forward.

The Company would like to note that it considers taking further legal action against former board member and shareholder Aksel M. Okland of North Sea Shipping. This for the alleged misuse of the Company's intellectual property, trade secrets and such for own interest, and allegedly having a conflict of interest while serving as a board member of the Company and the misuse of the board's position and powers in the period 2006 and 2010. During this period important issues relating to this case incurred and were his responsibility while serving as a board member.

Note 18. Contingent assets

The Company won in 2015 the dispute of a claim from a former creditor of a liquidated former UK entity for hire of a tugboat. The case was rejected by the Bergen Court in January 2012 and the Bergen Main Court closed the case in favour of Oceanteam ASA in May 2015. The total claim was EUR 695.581.

The Company has no other outstanding disputes.

Note 19. Transactions with related parties

	Income/recharge exp.		Cost		USD '000
Company	**2015**	**2014**	**2015**	**2014**	**Type of transaction**
Cenzo BV			(78)	(92)	Cenzo is controlled by Catharina Petronella Johanna Pos, director of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements
Feastwood Holding Ltd	119	130	(1 124)	(1 200)	Feastwood Holding Ltd is controlled by Hessel Halbesma, chairman of Oceanteam ASA, and Haico Halbesma the CEO of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates, recharges related to disbursements and fees for extraordinary work.
Heer Holland BV			(581)	(429)	Heer Holland BV is controlled by Haico Halbesma, CEO of Oceanteam ASA. Monthly management services.
Challenger Management Services S.A.M				(12)	Challenger Management Services S.A.M is controlled by Ronald Moolenaar, director until 16 November 2012. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements. The relation has been formally ended in Q1 2013.
Groom Hill			(83)	(92)	Groom Hill is 33% owned by James Wingett Hill, director of Oceanteam ASA. Transactions consists mainly of invoicing of Board Services at hourly rates and recharges related to disbursements

	Other balance		Vendor balance	
Company	**2015**	**2014**	**2015**	**2014**
Cenzo BV				
Toha Invest BV				
Oceanteam Holding BV				
Feastwood Holding Ltd	546			(9)
Heer Holland BV			(30)	(33)
Challenger Management Services S.A.M				(7)
Groom Hill			(7)	(8)

Note 20. Transactions with Group companies

USD' 000	Income		Cost	
	2015	2014	2015	2014
AA to KCI Holding	(55)	(138)		
Oceanteam Shipping BV	235	548		
Oceanteam Mexico BV	10	8		
Oceanteam Mexico SA de CV	417	742		
Oceanteam Shipping GmbH	25	21		
Oceanteam Equipment Base Ltd	18	16		
Oceanteam Bourbon 101 AS	18	3		
Oceanteam Bourbon 4 AS	21	22		
North Ocean 309 AS	43	36		
Oceanteam Shipping Monaco SAM	15	13		
OceanWind BV	(9)	1		
Oceanteam Bourbon Spares & Equipment	1	-		

Transactions with group companies consists of internal interest which is calculated for intercompany balances. Interest rate of 7% is applied.

Please also see Note 9 for intercompany balances.

Note 21. Guarantees

The parent company has issued guarantees for the subsidiaries and joint venture companies in the Group. For all major assets, guarantees are in place.

Auditor's report

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To the Annual Shareholders' Meeting of Oceanteam ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Oceanteam ASA, which comprise the financial statements of the parent company Oceanteam ASA and the consolidated financial statements of Oceanteam ASA and its subsidiaries. The parent company's financial statements comprise the statement of financial position as at 31 December 2015, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

Independent auditor's report 2015
Oceanteam ASA

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion on the financial statements for the parent company
Oceanteam ASA has an investment in the subsidiary KCI International BV carried at USD 12 million on the statement of financial position as at 31 December 2015. We have not received sufficient and appropriate evidence to support the valuation of the investment in KCI International BV at 31 December 2015. Consequently, we were unable to determine whether any adjustments to this amount are necessary.

We have not received sufficient and appropriate evidence to conclude whether the company complies with all covenants in the loan agreements. Consequently, we are not able to conclude on whether long term debt in the balance sheet should be classified as short term debt.

Qualified opinion on the financial statements of the parent company
In our opinion, except for the possible effect of the matters described in the Basis for qualified opinion paragraph, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for qualified opinion on the consolidated financial statements
Capitalised goodwill of USD 12.9 million is recognized in the consolidated financial statements. We have not been presented with sufficient and appropriate evidence to support the valuation of goodwill. Consequently, we were unable to determine whether any adjustments to this amount are necessary.

We have not received sufficient and appropriate evidence to conclude whether the Group complies with all covenants in the loan agreements. Consequently, we are not able to conclude on whether long term debt in the balance sheet should be classified as short term debt.

Qualified opinion on the consolidated financial statements
In our opinion, except for the possible effect of the matters described in the Basis for qualified opinion paragraph, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Oceanteam ASA and its subsidiaries as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of matter
We draw attention to the Board of Directors report and note 3 and 18 in the Annual report for the group consolidated financial statements and note 16 in the parent company financial statements which state that the markets are experiencing a downturn which has had a direct impact on the performance and liquidity of the group. These conditions, along with other matters set forth in the Board of Directors' report and the notes mentioned above, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report, Corporate Governance policy and Corporate Social Responsibility
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the Corporate Governance policy and disclosures related to corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Qualified opinion on Accounting Registration and Documentation
The matters described in the paragraphs 'Basis for qualified opinion on the financial statements of the parent company' and 'Basis for the qualified opinion on the consolidated financial statements', and the paragraph 'Other matter' also form the basis for a qualified opinion on accounting registration and documentation. In our opinion, the existing documentation is not sufficient and appropriate to support the items described in these paragraphs.

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management, except for the matters described above, has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other matter
We have not received the company's assessment as to whether the receivable with a related party of USD 0.5 million, and related agreements with related parties through the year, as described in note 20 to the consolidated financial statements are subject to and in accordance with the provisions in the Norwegian Public Limited Liability Act section 3 and section 8.

Bergen, 30 April 2016
KPMG AS

Anfinn Fardal
State Authorized Public Accountant

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Company's assets

Vessels

CSV Bourbon Oceanteam 101

Since delivery in December 2007, this DP2 Construction Support Vessel has been operating as a field support vessel with BP Angola for the Company's Greater Plutonium Field development (in Block 18 and 31). The first of the standard design NorthOcean 100 series is jointly owned by Oceanteam Shipping and Bourbon Offshore Norway. The ship is 125 meters in 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.

General Description

Type:	DP2 Construction Support/ Flexible Product installation vessel
Classification:	DNV+1A1 HELIDEK DYNPOS AUTR EODK (+) NAUT-OSV CLEAN, CONF-(V3)
Flag:	Malta
Year Of Build:	2007
Builder:	Metalships, Vigo, Spain
Length over all:	125 m
Beam:	27 m

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. 2500m2 deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilised for field support, construction, installation and IRM.

General Description

Type:	DP2 Construction Support/ Flexible Product installation vessel
Classification:	DNV+1A1 HELIDEK DYNPOS AUTR EO DK (+) NAUT-OSV CLEAN, CONF-(V3)
Flag:	Malta
Year of build:	2010
Builder:	Metalships, Vigo, Spain
Length over all:	137m
Beam:	27 m

Vessels

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 th April 2012.

FSV Mantarraya / FSV Tiburon

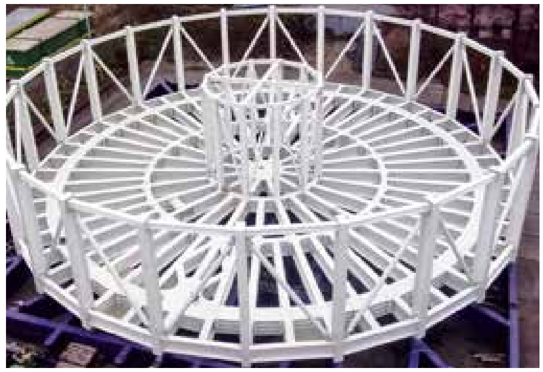
This innovate Fast Support Vessels (FSV's) are operational on bare boat contracts in Venezuela. The vessels are capable of transporting 75 p.o.b. and cargo at a cruising speed of 25 knots with largely improved fuel efficiency compared to similar vessels available.

General Description

Type:	Pipe Lay Vessel
Classification:	DNV +1A1, DYNPOS-AUTR, E0, DK(+), CLEAN, COMF-V(3), NAUT-OSV, HELDK
Flag:	Malta
Year Of Build:	2012
Length over all:	135.65m
Beam:	27 m

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.



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.

Up to 7000T 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.

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).

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