

Q3



SOUTHERN OCEAN
VALLETTA

INTERIM REPORT 3RD QUARTER 2016



OCEANTEAM



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Oceanteam ASA - Q3 2016 interim report

Issue date 10 November 2016

Capital restructuring ahead to further develop Company's potential

With a Q3 EBITDA of USD 3.6 million, the Oceanteam Shipping and Solutions divisions have proven their ability to perform in an operationally robust manner. Oceanteam succeeded in sustaining occupancy and revenues when building long term backlog for its shipping business unit under very challenging market conditions. Also, the dry dock and maintenance period and startup of new contracts has had its impact on the third quarter EBITDA. In addition, the Oceanteam Solutions division has shown an ongoing high level of activity and has made a promising and exciting entrance into the Chinese renewables market.

While the Company has proven that it is operationally and strategically agile, with a solid business model, the Company's financial situation is challenging. The Company is facing financial restraints due to its current high cost of capital and its (2017) maturing debt capital structure, which is restricting the ability to develop in what the Company believes is in the interest of its stakeholders.

Following the Company's earlier communications, Oceanteam announced to have initiated a process of restructuring and has started dialogues with banks and bondholders aimed at a financial restructuring that should lead to a structurally lower cost of capital and a later maturity of its loans. The Company aims to gain more effective headroom resulting in improved day-to-day cash flow to cope with an extended downfall of market liquidity faced by practically all market players in the offshore industry, whether this is incidental or structural.

We are currently in a constructive dialogue with our bondholders following our deferral of interest payment of the Company's Senior unsecured Bond. However, the immediate effect of this deferral is that under the loan agreements cash is retained by the banks within the working entities instead of flowing to Oceanteam ASA and that advisor and legal costs have increased as a result.

Our newly appointed interim CFO will lead the Company's financial department and will be heading the current financial restructuring process. Mr Bøhn has a solid track record in corporate finance and has been involved in a number of capital restructurings. Oceanteam is pleased to have Mr Bøhn on board to help manoeuvre the Company during a demanding time and in a challenging market environment.

Please read our announcements on www.oceanteam.nl/newsitems and see the attached appendices.

During the first weeks of Q4, we started to tackle the liquidity squeeze, in particular due to the newly entered vessel contracts for CSV Bourbon Oceanteam 101 and CSV Southern Ocean, by payment issues on two smaller vessels in Venezuela and by some of Solutions' clients.

Oceanteam has chosen a strategy aimed at keeping utilisation of its assets high and securing a long-term backlog, and Q3 is a quarter in which reduced rates take effect on the CSV Southern Ocean and CSV Bourbon Oceanteam 101. In addition, CSV Bourbon Oceanteam 101 has been off hire from May until mid-August 2016 for (de)mobilisations and dry dock, prior to starting a three to five-year contract.

As stated above, given the market realities and despite the Company's current financial situation, third-quarter results were at a reasonable and robust level, certainly when taking into account the start-up of new vessel contracts with an EBITDA of USD 3.6 million. Oceanteam Solutions' operations and service project mix is growing steadily, and the quarter once again showed a high level of operational activity in both new and existing contracts. With the renewables market showing strong growth and a positive outlook, Oceanteam is also expanding its geographical focus.

During the third quarter, Solutions signed its first long-term agreement for engineering and consultancy services in China. The project includes work related to offshore wind installations and support for power cable projects in China. This is a very exciting opportunity, as we are entering the Chinese market, which has enormous potential.

Oceanteam has secured significant contracts in the last six months for its main assets. Its strong focus on Mexico, IRM support and offshore renewables gives the Company a secure backlog and cash flow for the years to come, although at reduced rates. Unlike a number of its peers, the Company did manage to secure a backlog. The Company is confident this provides a solid basis to reset its capital structure as well.

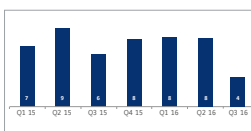
With solid revenue, strong focus on structural cost reductions, reduction of capex commitment, geographical opportunities, diversified business activities and a newly appointed Chief Financial Officer, Oceanteam is prepared to overcome the financial hurdles ahead in order to develop the Company in the interest of our stakeholders. Now is the time to prove the viability of a diversified business model and robust performance, and we are confident that we have all the necessary elements in place to do so.



On behalf of the Board of Directors
Haico Halbesma, Chief Executive Officer

Highlights for the quarter

- Revenue from operations USD 11.0 million.
- EBITDA from operations USD 3.6 million.
- Operating profit before impact of asset revaluation of USD 1.1 million.
- Net finance negative USD 3.0 million.
- Net result for the quarter positive USD 2.5 million.



EBITDA from operations of USD 3.6 million at a reasonable and robust level considering the start-up of new vessel contracts, the off hire of CSV Bourbon Oceanteam 101 and lower vessel rates.



Oceanteam has managed to win two vessel contracts. A three year time charter plus 2 year options for CSV Bourbon Oceanteam 101 in Angola. The project started in late August 2016, upon completion of a dry dock and maintenance period.

CSV Southern Ocean has a contract with Fugro TS Marine Australia until 31 December 2018 plus options. Owners are in process of negotiating final terms to change the contract into a 5 year firm agreement against a reduced rate. The new rate and effects on companies revaluation model have been reflected in the companies Q3 accounts.



The construction of a large offshore construction support vessel, the Tampamachoco 1 for DOT Shipping, is progressing and is scheduled to start operations early 2017. The Mexican market is developing slower than expected, but the Company remains positive on its future development and potential.



Oceanteam Solutions has been awarded a long-term contract to supply an Offshore Transmission Owner (OFTO) with port facilities, load-outs and storage of cables at Oceanteam's own cable storage facility in Velsen Noord, The Netherlands.



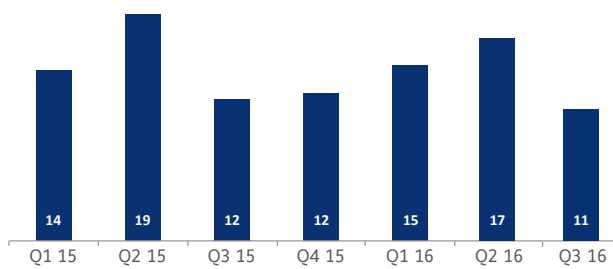
Oceanteam Solutions has performed several cable load-outs in Asia. The scope is part of a contract that includes multiple cable transports.

Subsequent events

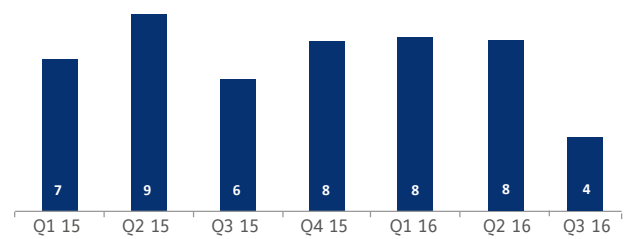
- Oceanteam ASA has initiated financial restructuring and is in the process of developing a restructuring plan that will secure a capital cost and maturity that will support value preservation and financial flexibility while enabling value creation for all stakeholders.
- Oceanteam ASA appointed Wilhelm Bøhn (48) as interim CFO.
- Oceanteam ASA informed bondholders of the deferral of interest payment on Senior unsecured Bond.
- Oceanteam Solutions has been awarded with new assignments by MonoBaseWind and Centrica.
- Oceanteam Solutions has been awarded a subsidy from Dutch consortium Knowledge and Innovation, Wind at Sea (TKI - WoZ) for the further research & development of its promising Double Slip Joint (DSJ) concept.
- Interim Audit Committee has been established and the Company is in the process of establishing a Nomination and Remuneration Committee, both to be presented to the shareholders in an extraordinary general meeting in due course.

Key figures for the group

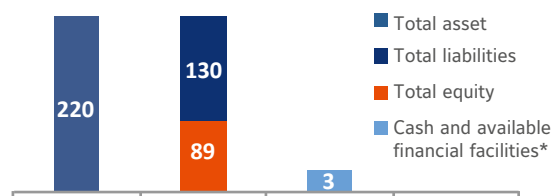
Revenue
11.0 mill.
USD in million



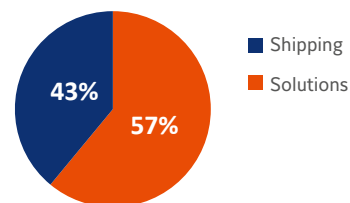
Ebitda
3.6 mill.
USD in million



Asset overview
Balance
USD in million



Segment Revenue
Revenue split 2016



USD	Q3 2016	Q3 2015	Cum Q3 2016	Cum Q3 2015	2015
Revenue	11,0	11,9	42,7	45,2	57,0
Operating cost	4,7	2,8	13,2	12,1	14,7
General & administration	2,7	3,1	10,1	11,3	13,2
EBITDA	3,6	6,0	19,0	21,8	29,1
EBITDA percentage	33%	51%	45%	48%	51%

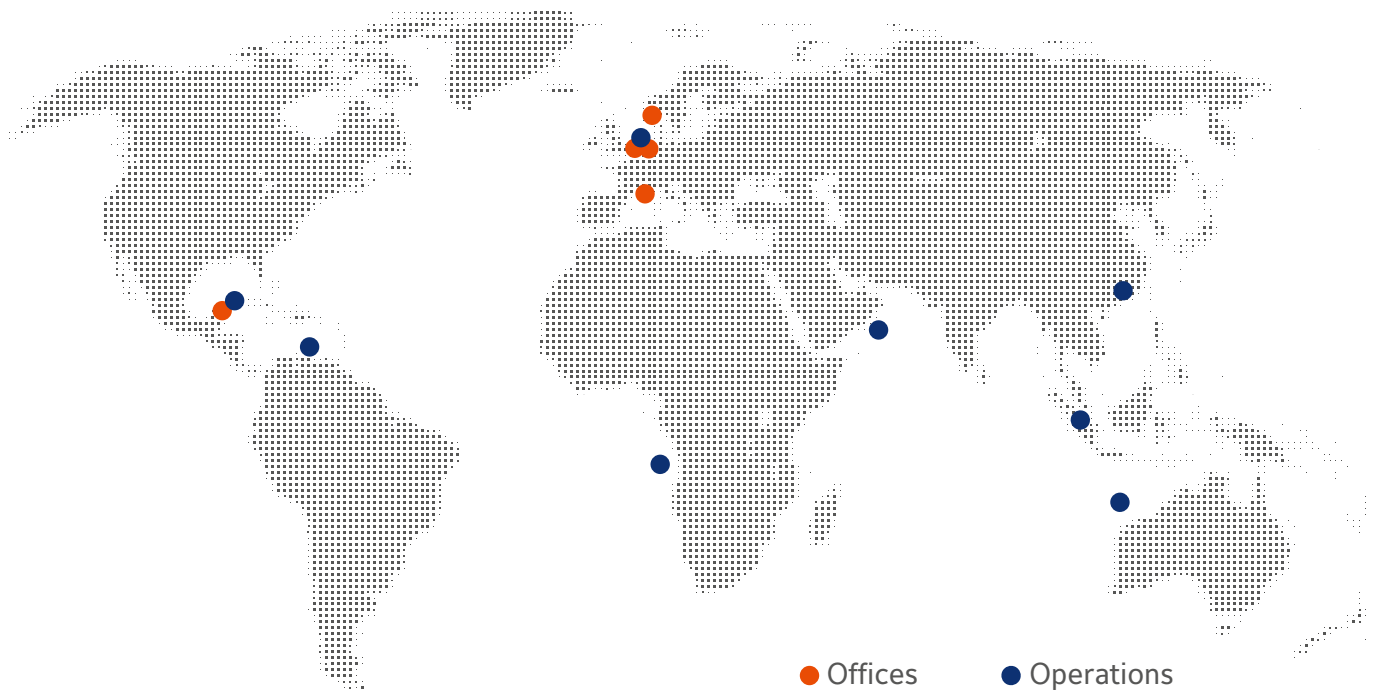
Who we are and what we do

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 such as Gulf of Mexico, Latin America, West Africa, Asia-Pacific and the North Sea.



Corporate structure

North Ocean fleet

Owns and provides two high-end large Deepwater Offshore Construction Service vessels (CSV's), one Pipe Lay vessel and two Fast Support vessels (FSV's) on long term contracts with solid subsea construction company counter-parties.

Oceanteam Solutions

In addition to a full package of engineering services, Oceanteam Solutions provides a complete range of high quality equipment suitable for offshore cable laying, umbilical installations, onshore and offshore cable storage and cable transport. Oceanteam Solutions owns numerous reels and seven large turntables based on its own patented design and has all related auxiliary equipment in stock.

Oceanteam Solutions also designs and engineers complete platforms and infrastructures for the oil and gas, renewables and new energy industry. More than a hundred professionals offer a unique range of in-house experience and expertise. Additionally, 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 and design of the majority of the equipment within the Group are done in-house.

DOT Shipping

DOT 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 one large Deepwater Offshore Construction Service vessel (CSV), the Tampamachoco 1, which is currently under construction. The company provides marine management, crewing, engineering and construction management.

Our partners

Establishing (local) partnerships and strategic alliances for continuity in the growth of assets and services is something Oceanteam has always focused on. The Company has teamed up with strong partners with proven track records in their respective markets, amongst them:

Bourbon Offshore

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

Diavaz

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

McDermott

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

Pacific Radiance Group

The Pacific Radiance Group of Companies is an established owner and operator of offshore vessels and a provider of subsea services, shipyard services, marine equipment as well as project logistics to the global oil and gas industry. Through this partnership Oceanteam / DOT Shipping have a large new build Offshore Support Vessel under construction, CSV Tampamachoco 1.

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 as well as the offshore renewables industry.



Ship to ship transfer.

Business areas

Operations North Ocean fleet

CSV Bourbon Oceanteam 101, after successfully completing a long term charter with Oceaneering and BP Angola, has just completed a dry dock period and has started a new time charter contract in Angola. The contract is for a period of three years plus options. The terms remain confidential, but the new charter rate reflects the current rate levels within the market.

CSV Southern Ocean, which has been on long term bare boat charter with Fugro TSM Australia since its delivery in 2010, has been transferred to Shelf Subsea. Our client recently concluded a buy-out with Fugro NV in The Netherlands. Subject to closure, the vessel contract will be extended for five years until 2021. The terms remain confidential, but the new charter rate reflects the current rate levels within the market.

Lay Vessel North Ocean 105 was delivered in 2012 and has since been on a five-year contract with McDermott International and operates globally as a pipe layer.

Oceanteam Mexico SA de CV operates two Fast Support Vessels (FSV's), the Tiburon and Mantaraya. The contracts have been extended to end of 2016 in Venezuela.

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 Icacos and Cobos in Q4 2014 that immediately began operating in Mexico. Both vessels are fully financed and have been operational in the Mexican market since March 2015, where they operate under a seven year firm time charter contract with three one-year options for extension.

DOT Shipping has a 50 percent stake in a large new-build construction support vessel, named Tampamachoco 1, which is currently under construction and is expected to be delivered early 2017. This vessel is owned through a joint venture owned by DOT Shipping and Pacific Radiance out of Singapore.

Oceanteam Solutions

Oceanteam Solutions is specialised in building demountable turntable systems that easily can be delivered in 40ft containers to all ports globally. The company designs and produces turntables in various sizes, for onshore and offshore use and for a variety of cables, umbilicals, pipes or flowlines. The Company provides full engineering design and consultancy services to clients in the oil and gas and renewables industries. Oceanteam Solutions can also provide services for complex structures both onshore and offshore. With the in-house engineering experience and expertise, clients can contract the most effective vessel and equipment solutions for their projects.

Over the years Oceanteam Solutions has built up a broad client base worldwide, to which the company successfully rents out equipment and supports the 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.

Oceanteam Solutions had an average of 100 engineers who worked on multi discipline service contracts during the quarter.

Newly awarded projects marine equipment and cable logistics:

- Oceanteam Solutions has been awarded a long-term contract to supply an Offshore Transmission Owner (OFTO) with port facilities, load-outs and storage of cables at Oceanteam's own cable storage facility in Velsen Noord, The Netherlands.
- Contract executed for supplying a cable manufacturer demountable turntables and auxiliary equipment for the multiple transport of cables from Asia to Europe in 2016. Under this contract this quarter the company performed several mobilisations of equipment and cable loadouts in Asia.
- Contract executed for supplying 4000T and 1100T turntables and auxiliary equipment for the storage, splicing and multiple loadouts of cables to a client at Oceanteam's own base in Velsen Noord, The Netherlands.

Newly awarded projects engineering:

- Tender assistance and feed studies for sub stations and WTG foundations for several offshore wind projects for multiple new clients in addition to assistance provided for existing clients.
- Design of a new series of modular turntables.
- Design review of an offshore substation in China.
- Basic design of self-installing Gravity Based WTG Foundation.
- NOx Compliance project for a Dutch Operator.

Double slip joint design ready

During the first half year 2015 the Company introduced its new developed intellectual property, a double slip joint (DSJ). The research & development is a result of efforts from an international research team and in cooperation with Delft University of Technology. The DSJ is an evolution of monopile – transition piece connections which can be greatly appealing to the offshore wind industry. The technology will reduce installation time by 30 percent, resulting in a sharp decrease in installation costs for our clients. Also safety is enhanced by using this concept as there are less manual handling activities offshore during installation and no maintenance is required in the monopile connection.

Oceanteam Solutions will increase the marketing of its research & development products to strengthen its position in the offshore wind market.

Market outlook

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

Backlog and finance

To mitigate the market risk, the Company has secured a superior backlog for 2017 and well into 2021 for its CSV assets. 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. The Company is still positive and believes that the long-term fundamentals of the relevant markets and regions it operates in remain strong and that its diversification strategy supports utilisation for its assets and ride the next upturn in our cyclical markets. To meet the macro challenges the Company emphasises its strong capital and cost discipline and the strength of its balance sheet.

The performance of the Company in the quarter was robust. However, as communicated in the exchange notice of 20 October, Oceanteam ASA is in the process of developing a restructuring plan that will secure a capital cost and structure which will support the value preservation and financial flexibility while enabling value creation for all stakeholders.

Oceanteam has initiated constructive dialogue with its stakeholders to shape its financial restructuring process and improve its financial flexibility in today's challenging market situation. The Company is facing serious financial restraints due to its current capital cost and structure, which is restricting its ability to develop in a direction that would serve the interests of its stakeholders. This has led to immediate cash liquidity constraints for various reasons - some of a temporary and some of a permanent character.

The Company needs financial flexibility to further advance the business while coping with current market conditions. Consequently, the Company has initiated dialogue with its banking group and its Bondholders with the aim of establishing a revised capital structure and cost of capital that will support the long-term growth of Oceanteam. The Company is currently reviewing all alternatives available given the current market conditions and will publish details of this initiative in the near future.

Lean organisation and strong partners

The Company's view is that in the long term, exploration and production activities are likely to increase again and consequently the demand for large construction support vessels and services is likely to grow. The Company has a strong and lean organisation and a proven scalable business model with a seasoned management team and Board to achieve the Company's targets.

The Company has always focused on building a strong long-term backlog seeking full utilisation of its high-end deepwater assets, a proven strategy that provides long-term stable cash flow. The diversification of the Company's global business units and working segments makes us more robust against decreasing oil prices. Geopolitical tension will make certain regions develop more quickly or more slowly and therefore the Company has 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 to develop in different markets and to spread 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 2017 and beyond, this is also supported by increased leads and the building of future backlog. The Company remains in a strong position to meet future demands and requirements in this market. Limited space and environmental laws are causing large wind farms to be constructed further from shore. The projects are in deeper waters, more complex and on a larger scale. With over 29 years of experience, Oceanteam Solutions has the competence to meet industry demands. With 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 the current platform to focus on combining its different disciplines and resources into cost effective solutions which is creating new opportunities. All with the aim of reducing risks and improving the economics, both running costs and installation costs, for our clients.

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 spends significant resources on 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 ride the next upturn in our cyclical markets.

Secured projects

The 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 as available resources flow into this market. Hence oil and gas prices affect activity and asset values in both of Oceanteam's primary 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 high to good level of utilisation of its assets and engineers for the coming period.

Vessel contract backlog

		2016 Q1-2	2016 Q3-4	2017 Q1-2	2017 Q3-4	2018 Q1-2	2018 Q3-4	2019 Q1-2	2019 Q3-4	2020 Q1-2	2020 Q3-4	2021 Q1-2	
Shipping	Type of contract												
CSV BO 101	time charter	Contract							Option				
CSV Southern Ocean*	bareboat	Contract											
LV North Ocean 105	bareboat	Contract			Option								
CSV Tampamachoco 1	time charter	Under construction		Contract									
FSV Mantarraya	bareboat	Contract			Option								
FSV Tiburon	bareboat	Contract			Option								
FSV Cobos	time charter	Contract											
FSV Icos	time charter	Contract											

Contract
 Option
 Under construction

* Owners are in process of negotiating final terms to change the contract into a 5 year firm agreement against a reduced rate.

Financing and company capital structure

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

Oceanteam ASA is in the process of developing a restructuring plan that will secure a capital cost and structure which will support the value preservation and financial flexibility while enabling value creation for all stakeholders.

Oceanteam has initiated constructive dialogue with its stakeholders to shape its financial restructuring process and improve the financial flexibility in today's challenging market situation. The Company is facing serious financial restraints due to its current capital cost and maturity, which is restricting its ability to develop in the interest of its stakeholders. This has resulted in immediate cash liquidity constraints for various reasons – some of a temporary and some of a permanent character. The Company needs financial flexibility to further advance the business while coping with the market circumstances. Consequently, the Company has initiated dialogue with its banking group and its Bondholders with the aim of establishing a revised capital structure and cost of capital supporting Oceanteam's long-term growth. The Company is currently reviewing all alternatives available given the current market conditions supporting Oceanteam's long-term growth.

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Approximately 50 percent of the revenue is in USD while the remaining 50 percent is in EUR. Since the reporting currency is in USD the foreign exposure is for liabilities in the EUR and its fluctuations against the USD. The Company has some costs in NOK and MXN which have been fluctuating against the USD. Currency fluctuations may affect our business, but due to the Company's strategy and the management of currencies, the effect is limited.

The Company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 was financed in USD while the construction costs were hedged in EUR. Long-term post construction finance has been secured in USD where the interest rate is fixed. In the loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 percent of the Libor interest rate is fixed. This protects the Company from volatile interest rate fluctuations. For the new-build, CSV Tampamachoco 1, it has not yet been decided when to secure the interest rate due to volatile market conditions. 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 Company's objective is to reduce financial risk as much as possible.

Current strategy includes the use of interest swap agreements for the loans in CSV Bourbon Oceanteam 101 and CSV Southern Ocean as financial instruments. Otherwise, the strategy is largely based on natural hedging. Natural hedging means having revenue and costs in the same currency for each project. This is, however, continuously being assessed by the management and by the Board of Directors.

The equity ratio is 40.6 percent of total assets of 220 million USD.

Liquidity risk

At quarter end, the working capital and liquidity position of the Company is low due to repayment of debt and high financial costs, maintenance and mobilisation costs due to start of new projects.

The parent company depends on liquidity flows from subsidiaries and the joint venture companies that are owned with its joint venture partners. The Company aims to increase the dividend flow going forward through increased profitability from its business areas. Solutions' new planned capital structure is under development and the Company is progressing positively with regards to its financial sources.

For the Shipping segment, there is an USD 1.4 million outstanding receivable per Q3 2016, of which USD 1.3 million have already been received per reporting date. For the Solutions segment, there is an USD 1.6 million of outstanding receivables per quarter end of which USD 0.4 million have already been received to date.

Investments and yard risk

DOT Shipping has one large Construction Support Vessel, named Tampamachoco 1, under construction which is due for delivery early 2017. The second installment for this new-build was completed during the first quarter of 2015. All costs related to construction are funded by the owners and is as scheduled. Among the most critical risk factors in relation to the construction of the vessel is the risk of not receiving the vessel on time, at budget and with agreed specification. In addition, there is a risk that the yard will experience financial or operational difficulties affecting the construction process. The decrease of CSVs fair market value the last period is also a risk that needs to be taken into account. However, this is Oceanteam's sixth construction project involving deep-water high-end CSV vessels, for which the Company has built up significant in-house experience and engineering capabilities.

Tax losses

The Company has a booked deferred tax asset on the balance sheet of USD 5.3 million which the Company is utilising through increased profits and securing new contracts in the Netherlands.

In addition, the Company has more tax losses from foreign entities to be utilised, amounting to a total of USD 16 million. In addition to the foreign tax losses, the Company has received confirmation from the Norwegian tax authorities of a deferred tax loss of NOK 1.2 billion. This deferred tax asset is from the Norwegian entities which are not yet on the balance sheet. The tax losses arise from losses in 2008 and 2009, since then the Company has continued to be profitable.

Going concern

In accordance with the Accounting Act § 3-3a Oceanteam 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 to 2017 and the Group's long-term strategic financial forecasts.

The consolidated financial statement of Oceanteam has been prepared in accordance with International Financial Reporting Standards (IFRS), while the financial statements for parent company Oceanteam ASA have been prepared according to Norwegian General Accepting Accounting Principles (NGAAP). For further information on the Company, please see the Annual Report 2015 available on the Company's website www.oceanteam.no

Condensed consolidated statement of comprehensive income

GROUP Figures in USD '000

	Notes	Unaudited Q3 2016	Unaudited Q3 2015	Unaudited Cum Q3 2016	Unaudited Cum Q3 2015
Revenue		11 018	9 684	32 538	39 834
Gain on disposal of assets					
Net income from associates/ joint ventures	2,9	(21)	2 216	10 203	5 381
Total operating revenues	4	10 997	11 900	42 741	45 215
Operating costs		(4 729)	(2 781)	(13 211)	(12 080)
General & administration		(2 683)	(3 107)	(10 064)	(11 290)
Depreciation	2,3	(2 484)	(2 953)	(7 404)	(8 500)
Write off		10	(370)	37	(370)
Total operating expenses before increase (decrease) of carrying amount of revaluation of assets		(9 886)	(9 211)	(30 642)	(32 240)
Operating profit (loss) before increase (decrease) of carrying amount from revaluation of assets.		1 111	2 689	12 099	12 975
Increase (decrease) of carrying amount from revaluation of vessels	2	4 442	(8 610)	(4 046)	(13 526)
Operating profit (loss) after increase (decrease) of carrying amount from revaluation of assets.		5 553	(5 921)	8 053	(551)
Financial income		2	18	2	202
Financial costs	5	(2 906)	(2 904)	(8 731)	(9 879)
Foreign exchange results (loss)		(120)	(12)	(905)	213
Net finance		(3 024)	(2 898)	(9 634)	(9 464)
Ordinary profit (loss) before taxes		2 529	(8 820)	(1 581)	(10 019)
Tax expense	6	(22)		(14)	(39)
Net result		2 507	(8 820)	(1 595)	(10 058)

GROUP Figures in USD '000

Condensed consolidated statement of comprehensive income	Q3 2016	Q3 2015	Cum Q3 2016	Cum Q3 2015
Total net result	2 507	(8 820)	(1 595)	(10 058)
Items that will never be reclassified to profit or loss				
Other comprehensive income				
Changes in revaluation model	2 (1 913)	(2 101)	(7 771)	(9 495)
Items that will never be reclassified to profit or loss	(1 913)	(2 101)	(7 771)	(9 495)
Items that may be reclassified subsequently to profit or loss				
Translation differences				
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, net of tax	(1 913)	(2 101)	(7 771)	(9 495)
Total comprehensive income for the year	594	(10 921)	(9 366)	(19 553)
Profit (loss) attributable to:				
Owners of the Company	(610)	(6 067)	(2 884)	(7 610)
Non-controlling interests	3 117	(2 753)	1 289	(2 448)
Profit (loss)	2 507	(8 820)	(1 595)	(10 058)
Total comprehensive income attributable to:				
Owners of the Company	(2 523)	(8 168)	(10 655)	(17 105)
Non-controlling interests	3 117	(2 753)	1 289	(2 448)
Total comprehensive income for the year	594	(10 921)	(9 366)	(19 553)
Earnings per share (in USD)				
Basic earnings per share (in USD)	0,09	0,30	(0,06)	(0,34)

Condensed consolidated financial statement of financial position

GROUP Figures in USD '000

	Notes	Unaudited 30.09.2016	Audited 31.12.2015
Assets			
Deferred tax assets	6	5 250	5 250
Intangible assets		937	1 050
Goodwill		13 000	13 000
Intangible assets	3	19 187	19 300
Investment in associates and joint ventures	2, 8	35 813	34 300
Vessels and equipment	2	146 052	153 856
Tangible assets	2, 8	181 865	188 155
Total non-current assets		201 052	207 455
Trade receivables		3 517	5 782
Other receivables		12 201	14 054
Receivables		15 718	19 836
Cash and cash equivalents		2 744	5 165
Total current assets		18 462	25 002
Total assets		219 514	232 458
Equity and liabilities			
Share capital		2 595	2 595
Treasury shares		(257)	(257)
Share premium		1 304	1 304
Reserves		54 779	49 153
Revaluation reserve	2	(3 279)	9 185
Equity attributable to owners of the Company		55 142	61 981
Non-controlling interests		49 544	50 413
Revaluation reserve		(15 512)	(13 489)
Total non-controlling interests	9	34 033	36 924
Total equity		89 174	98 904
Loans and borrowings			101 038
Total non-current liabilities	5		101 038
First year installments	5	107 940	8 100
Trade payables		7 505	4 880
Tax payable		(135)	(87)
Public charges		99	770
Other current liabilities		14 932	18 852
Total current liabilities		130 341	32 515
Total liabilities		130 341	133 553
Total equity and liabilities		219 514	232 458

Condensed consolidated statement of changes in equity

GROUP Figures in USD '000

	Notes	Unaudited 30.09.2016	Audited 2015
Equity at period opening balance (Number of shares: 29,593,259)		98 904	133 773
Profit after taxes majority		(2 884)	(10 559)
Profit after taxes minority		1 289	(3 043)
Revaluation of assets		(7 771)	(9 109)
Tax on revaluation reserve			(257)
Translation differences			503
Adjustments prior period			503
Transactions with owners of the Company, recognised directly to equity			
Changes in non-controlling interests			(12 404)
Investments		(364)	
Equity at period end (Number of shares: 29,593,259)		89 174	98 904

	Share capital	Treasury shares	Share premium	Trans- lation reserve	Other equity	Total other equity	Re- valuation reserve	Non controlling interests	Total equity
Equity at 31 December 2015	2 595	(257)	1 304	(20)	49 173	49 153	9 185	36 924	98 904
Profit and loss					(861)	(861)	(2 023)	1 289	(1 595)
Coverage of previous losses									
Other comprehensive income									
Changes in revaluation model							(7 771)		(7 771)
Tax on revaluation reserve									
Translation differences									
Reclassify					6 851	6 851	(18 182)	11 331	
Total comprehensive income					5 990	5 990	(27 976)	12 620	(9 366)
Contributions by and distributions to owners									
Change in non controlling interests									
Dividends to non-controlling interests									
Investments/Revaluation					(364)	(364)			(364)
Adjustments prior period									
Issue of ordinary shares									
Change in treasury shares									
Equity per 30 September 2016	2 595	(257)	1 304	(20)	54 799	54 779	(18 791)	49 544	89 174

GROUP Figures in USD '000

	Share capital	Treasury shares	Share premium	Translation reserve	Other equity	Total other equity	Re-valuation reserve	Non controlling interests	Total equity
Equity at 1 January 2015	2 595	(257)	1 304	(1 563)	51 344	49 781	27 079	53 271	133 773
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				1 543		1 543	(900)	(900)	(257)
Total comprehensive income				1 543	(2 674)	(1 131)	(17 894)	(3 943)	(22 968)
Contributions by and distributions to owners									
Change in non controlling interests								(7 154)	(7 154)
Dividends to non-controlling interests								(5 250)	(5 250)
Investments/Revaluation									
Adjustments prior period					503	503			503
Issue of ordinary shares									
Business combinations									
Equity per 31 December 2015	2 595	(257)	1 304	(20)	49 173	49 153	9 185	36 924	98 904



Storage, splicing and multiple loadouts of cables at Oceanteam's own base in Velsen Noord, The Netherlands.

Condensed consolidated statement of cash flow

GROUP Figures in USD '000

	Notes	Unaudited 2016	2015
Net result after increase (decrease) of carrying amount from revaluation of assets.		2 451	(13 602)
Decrease of carrying amount from revaluation of vessels		(4 046)	15 770
Tax		14	751
Ordinary profit (loss) before taxes		(1 134)	2 920
Depreciation and amortization of tangible assets	2	7 404	11 113
Tax paid		(48)	(226)
Write off assets			3 065
Net income of associates		(228)	(4 532)
Change in trade receivables		2 265	3 089
Change in other receivables		1 853	(4 590)
Change in trade payables		2 625	(1 013)
Change in other accruals		(12 823)	4 641
Items classified as investing activities			
Items classified as financing activities		(1 619)	
Interest expense without cash effect		355	1 650
Others		4 238	(614)
Net cash flow from operating activities		2 888	15 503
Cash out due to investments	2,3	(4 954)	(5 470)
Cash in due to disposals		1 689	2 895
Cash in due to disinvestments			600
Cash in due to sale of shares			
Net cash flow from investing activities		(3 265)	(1 975)
Issuing of new debt			5 540
Borrowing cost			
Repayment of debt		(5 069)	(46 117)
Reclassify		3 465	
Dividend paid out to non-controlling interests			(12 404)
Net cash flow from financing activities	5	(1 604)	(52 981)
Effect of changes to exchange rates on cash and cash equivalents		(8)	(322)
Net change in cash and equivalents		(1 989)	(39 814)
Cash and equivalents at start of period*		4 733	44 547
Cash and equivalents at end of period**		2 744	4 733

* restricted cash is USD 0.5 million

** In addition to the cash and cash equivalent per 30 September 2016, the Group holds treasury shares of approximately USD 0.6 million in current market value.

To support the equipment growth the Group has a EUR 1.0 million revolver loan of which 0.3 million was drawn per balance sheet day.

Selected explanatory notes

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

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

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

Oceanteam ASA is listed at the Oslo Stock Exchange and is traded under the ticker code "OTS".

Note 1 - Financial statements

The condensed set of Financial Statements for Q3 2016 has been prepared in accordance with IAS 34 Interim Financial Statements and it has been prepared in accordance with the same accounting principles as the Financial Statements for 2015, unless otherwise stated.

There has not been applied new standards in 2016.

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.

Fair Market Value developments in volatile markets

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

Note 2 – Tangible assets

GROUP Figures in USD '000

Investments in joint ventures and associates

	Investment in Oceanteam Bourbon 101 AS	Partici- pation in LV 105	DOT Shipping GROUP	Investment in Oceanteam Bourbon Spares & Equipment AS	Total
Carrying amount of investment per 31 Dec 2015	17 817	12 182	4 317	(41)	34 275
Change in investments					
Net result from investment Cum Q3 2016	7 902	1 739	148	(34)	9 756
Change in net revaluation Cum Q3 2016	(6 839)	(1 379)			(8 218)
Total carrying amount 30 September 2016	18 881	12 542	4 465	(74)	35 813

Vessels and Equipment

	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 December 2015	169 356	50 701	220 057
Additions	1 760	3 050	4 810
Disposals	(1 559)	(130)	(1 689)
Historical Cost 30 September 2016	169 557	53 621	223 178
Accumulated depreciation 31 December 2015	(10 193)	(17 745)	(27 938)
Depreciation	(3 072)	(2 128)	(5 199)
Disposals depreciation	6		6
Accumulated depreciation 30 September 2016	(13 259)	(19 873)	(33 131)
Accumulated impairments 31 December 2015		(8 553)	(8 553)
Impairments/reversals			
Accumulated impairments 30 September 2016		(8 553)	(8 553)
Carrying amount 30 September 2016 if CSV's were stated at historical cost	156 299	25 195	181 493
Revaluation per 30 September 2016	(35 440)		(35 440)
Total carrying amount per 30 September 2016	120 859	25 195	146 052
Depreciation rates	5-25 years	3-15 years	
Depreciation method	linear	linear	

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

GROUP Figures in USD '000

Revaluation reserves

	Revaluation for Bourbon Oceanteam 101	Revaluation for North Ocean 105	Revaluation for Southern Ocean	Revaluation Non controlling interests	Total
Gross Revaluation reserve 31 December 2015	17 861	2 143	(13 489)	(13 489)	(6 974)
Change in revaluation	(6 453)	(1 318)	(2 023)	(2 023)	(11 817)
Tax effect					
Gross Revaluation reserve 30 September 2016	11 408	825	(15 512)	(15 512)	(18 791)
Accumulated depreciation premium values 31 December 2015	(5 916)	(633)	(1 455)	(1 455)	(9 459)
Depreciation premium values	(386)	(61)	(753)	(753)	(1 953)
Total depreciation premium values	(6 302)	(694)	(2 208)	(2 208)	(11 412)
Net revaluation reserve 30 September 2016	5 106	131	(17 720)	(17 720)	(30 203)
Accumulated depreciation 30.09.2016 over P&L					11 412
Total Revaluation Reserve 30 September 2016					(18 791)

Fair value measurements

Fair value measurement of vessels

A valuation of the Group's vessels and the participation in LV 105 was performed by the Company to determine the fair value of the vessels and the interest in LV 105 as of 30 September 2016. All vessels are equity accounted except for the Oceanteam Bourbon 4 AS which is 100 percent consolidated. The revaluation surplus net of applicable deferred income taxes were credited to other comprehensive income and is shown in 'Revaluation reserves' in shareholders equity. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

GROUP Figures in USD '000

Fair value measurements at 30 September 2016	Level 1	Level 2	Level 3
Recurring fair value measurements			USD 000'
Construction support vessels			120 859
Investment in associates			12 542
Investment in joint ventures			18 881
Total carrying amount 30.09.2016			152 282

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

Fair value measurements using significant unobservable inputs (Level 3)

	USD '000
Opening balance 31.12.2015	159 275
Transfers to/(from) Level 3	
Additions	11 402
Disposals	(1 559)
Depreciation	(5 020)
Gains and losses recognised in other comprehensive income	(11 817)
Closing balance 30.09.2016	152 282

Valuation processes of the Group

The Group's finance department includes a team that performs the valuations of the vessels and the interest in LV 105, measured at fair value required for financial reporting purposes, including level 3 fair values. This team reports directly to the CFO. Discussions of valuation processes and results are held between the Finance & 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 assumptions in the revaluation model are the following:

The valuations of the one vessel and interest in OB 101 and LV 105 have been performed using a combination of a market approach and an income approach. The model for the calculation of the revaluation has the following features:

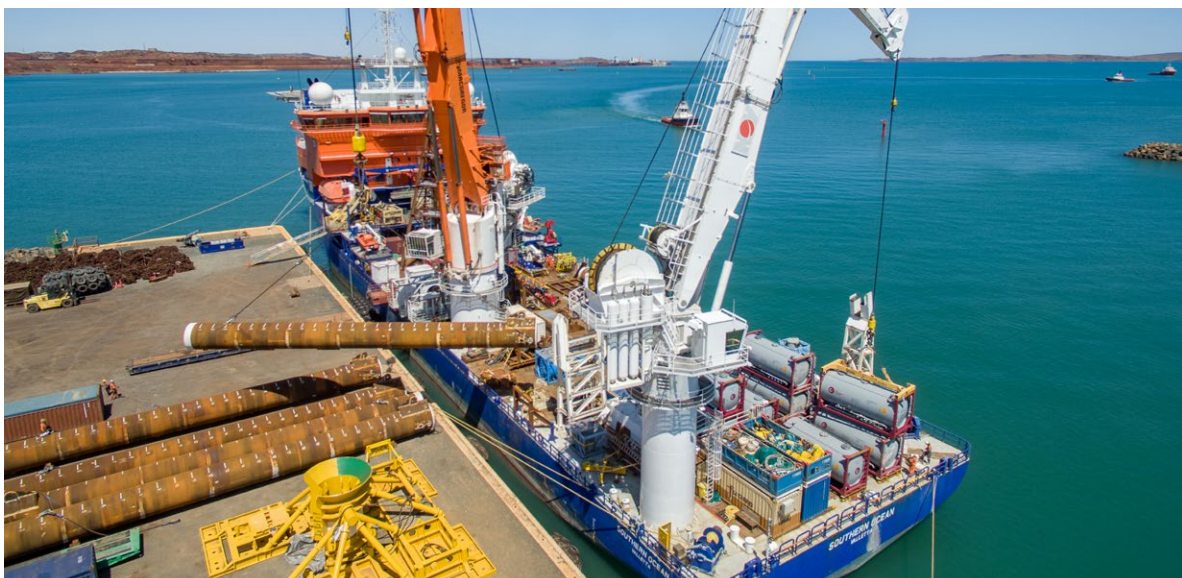
- Oceanteam ASA updates the model quarterly
- Two external valuations from independent brokers where the Construction Support Vessel (CSV) and Lay Vessel (LV) is traded between a willing buyer and a willing seller in an active market
 - the Brokers' opinions of recent newbuilding quotes of similar tonnage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

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

- The average of two brokers' valuations on a charter free CSV and Lay Vessel with prompt delivery
- The estimated economical lifetime is 25 years from delivery of the vessel
- The calculated cash flow from the time charter on the revaluated CSV / Lay Vessel is being compared with the estimated brokers' charter

- The premium values of the vessels are depreciated linearly over the useful life of the assets
- The cash flow from the charter is discounted with a WACC of 9.00 percent. The calculation of the WACC has the following assumptions:
 - 10 year state USD.
 - a 40/60 ratio of equity/debt.
- When Oceanteam has signed a building contract, financing is secured, construction costs and fair value can be measured reliably. Oceanteam is applying the revaluation model for the CSV / Lay Vessel. The accounting impact when applying the revaluation model is that the CSV / Lay Vessel and investments in associates and joint ventures are measured at fair value in the balance sheet. The lines on the balance sheet "Vessels and equipment" on the asset side under tangible assets and the line "Revaluation reserve" are affected by the revaluation method. The historical costs for the CSV / Lay Vessels are shown in the table above for tangible assets under the column "Construction and Support Vessels" and also the revaluation surplus under the line revaluation reserve in the table.
- Per balance sheet date the CSV 101, CSV 104 and LV 105 were revaluated.
- There is a current firm contract in place for Southern Ocean 104 with Fugro TS Marine Australia until 31 December 2018 (+2x1 year option). Company is in process of negotiation the final terms to change the contract into a 5 years firm agreement with reduced charter rates. Q3 2016 revaluation model now includes assumption of 5 years contract extension being awarded to the company. Therefore there is a positive impact of this assumption on revaluation reserve and 3Q 2016 Income Statement.
- The option price for the LV 105 is included in the cash flow connected to the vessel and the option can be called in Q2 2017. When the relevant option period commences, McDermott will have 60 days to call the option. If the option is not exercised within the option period, the call option will go to Oceanteam Shipping. The call option price for vessel LV 105 is USD 95.9 million at the initial transaction date 20th April 2012 depreciated over 20 years with adjustments for the working capital (excluding inventories and spares). The initial value of the JRM Equipment is USD 22.1 million.

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



Mobilization for the Woodside Pileon Project.

Note 3 - Intangible assets

GROUP Figures in USD '000

Q3 2016	Deferred tax	Goodwill	Customer relations	IP licences, concept etc	OTS Designs	Intangible assets
Historical cost 31 December 2015	6 000	13 000	4 400	1 005	1 228	25 633
Additions-Internally developed						
Additions - Acquired separately				84	59	143
Disposals						
Historical cost 30 September 2016	6 000	13 000	4 400	1 090	1 287	25 776
Accumulated amortisation 31 December 2015			(4 400)	(678)	(505)	(5 583)
Amortisation				(69)	(187)	(257)
Amortisation 30 September 2016			(4 400)	(747)	(692)	(5 840)
Accumulated impairments 31 December 2015	(750)					(750)
Impairments/reversals						
Accumulated impairments 30 September 2016	(750)					(750)
Book value 30 September 2016	5 250	13 000		342	594	19 187

Note 4 - Segment information

The Group has two segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Solutions consist of engineering and equipment business. The current segments are the Group's strategic divisions.

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

The total Group revenue of Q3 2016 is USD 11.0 million, of which USD 4.8 million was distributed to the Shipping Segment and USD 6.2 million to Oceanteam Solutions.

Segment information	Shipping		Oceanteam Solutions		Total	
	Q3 2016	Q3 2015	Q3 2016	Q3 2015	Q3 2016	Q3 2015
Revenue	4 789	5 949	6 229	3 735	11 018	9 684
Net income of associates	(21)	2 216			(21)	2 216
Operating costs	(374)	(130)	(4 356)	(2 651)	(4 729)	(2 781)
General & administration	(1 569)	(1 519)	(1 114)	(1 589)	(2 683)	(3 107)
EBITDA	2 825	6 517	760	(505)	3 585	6 011
EBITDA%	59%	80%	12%	(14%)	33%	51%
Reportable segment profit before impact of revaluation	1203	4 206	(92)	(1 337)	1 111	2 689
Reportable segment assets	172 282	183 862	47 232	48 597	219 514	232 458
Reportable segment liabilities	(102 364)	(110 104)	(27 976)	(23 449)	(130 341)	(133 553)

Note 5 - Loans and borrowings

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

	0 to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
At 30 September 2016					
Bank/bond borrowings *	107 940				107 940
Total liabilities	107 940				107 940
At 31 December 2015					
Bank/ bond borrowings		101 038			101 038
First year instalments	8 100				8 100
Total loans and borrowings	8 100				109 138

Loans / Currency of loan		True rate of interest	30 September 2016	30 September 2015
CSV 101 (USD)	Secured	LIBOR + margin*		54 675
CSV Southern Ocean (USD)	Secured	LIBOR + margin*		48 527
Bond loan (USD)	Senior Unsecured	LIBOR + margin		259
Oceanteam Solutions	Secured			(2 422)
Sub total long-term debt				101 038
CSV Southern Ocean (USD)	Secured	LIBOR + margin**	48 600	8 100
Bond loan (USD)	Secured	LIBOR + margin*	56 984	
Oceanteam Solutions	Senior Unsecured	LIBOR + margin	1 231	
Oceanteam ASA			2 700	
***Borrowing costs	Secured		(1 575)	
Total short-term debt			107 940	8 100

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

* All debt has been classified as "short term" debt as currently there is a technical default on senior unsecured bond loan.

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

For further details, please refer to the notes of "Backlog and finance" and "Financing and company capital structure", on the pages 13 and 14, as part of 3Q 2016 Interim report.

The CSV vessels and various equipment are collateral for the loans. Borrowing costs are considered to be the difference between fair value and nominal value for the secured loans for the vessels.

Financial costs	30 September 2016	30 September 2015
CSV Southern Ocean (USD)	1 822	2 049
Bond loan (USD)	6 552	7 604
Oceanteam Solutions (EUR)	357	203
Other	0	23
Total interest costs	8 731	9 879

Liquidity risk, financial risk and market risk

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

Liquidity risk

Oceanteam has closed a contract for new employment for the CSV Bourbon Oceanteam 101. In combination with the long term contract of the Southern Ocean it is expected that this will trigger a refinance from its bank and senior unsecured bond. Oceanteam is in a constructive dialogue with both banks and bondholders to consider future solutions with the aim to reduce its cost of capital, extend maturities and finance additional working capital requirements.

The parent company depends on liquidity flows from subsidiaries and joint venture companies that are owned with its joint venture partners. Due to the deferral of bond interest payment the banks within the joint ventures companies withhold dividend payment to the parent company adding to Oceanteam's liquidity squeeze. Oceanteam ASA has initiated financial restructure and is in the process of developing a restructuring plan. Please read more about it [here](#).

Please refer to our press release dated 23.10.16 "OCEANTEAM ASA - ("OCEANTEAM" OR "COMPANY") INFORMS BONDHOLDERS OF THE DEFERRAL OF INTEREST PAYMENT ON SENIOR UNSECURED BOND AND STARTS DIALOGUE ON LONG TERM CAPITAL STRUCTURE"

"The deferral of the Company's interest payments is the immediate result of our short term cash position that has been depleted by reduced rates and costs related to the recent extensions of vessel contracts of CSV Bourbon Oceanteam 101 and CSV Southern Ocean and SPS for CSV Bourbon Oceanteam 101"

The immediate effect of this deferral is that under the loan agreements cash is retained by the banks within the working entities instead of flowing to Oceanteam ASA. The Company is facing serious financial restraints due to its current capital cost and structure, which is restricting its ability to develop in a direction that would serve the interests of its stakeholder. This has led to immediate cash liquidity constraints for various reasons - some of temporary and some of a permanent character.

Please read our announcements on www.oceanteam.nl/newsitems and see the attached appendices.

Financial risk

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

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks. Approximately 50 percent of the revenue is in USD while the remaining 50 percent is in EURO. Since the reporting currency is in USD the foreign exposure is for liabilities in the EURO and its fluctuations with USD.

The Company is exposed to changes in interest rates as the bulk of its debt has floating rates. Lay Vessel North Ocean 105 long term post construction finance has been secured in USD where the interest rate is fixed. In the loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 percent of the Libor interest rate is fixed. This protects the Company from volatile interest rate fluctuations. The USD bond loan has a floating quarterly LIBOR. With the current maturity schedule and the forward interest curves, the Company sees a satisfactory risk level. The objective of the Company is to reduce financial risk as much as possible.

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

Interest risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to fluctuation in interests, Oceanteam has quarterly fixed interests. The Company also has the opportunity to use longer periods, for instance 6 or 9 months etc. Due to the strategy of the Company and also based on low interest curves and with the liquidity situation in the market, Oceanteam has used quarterly roll over for its interests period.

Market risk

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The free liquidity is placed in bank accounts with banks of acceptable credit quality. Oceanteam's clients are primarily large companies with sound credit rating. The need for bank guarantee, pre-invoicing and corporate guarantees are considered on individual basis and it is monitored if anything changes in credit risks during the contracts. The volatility in the Company's market has increased the credit risk among its clients significantly.

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 client relations and contracts for the main assets and services on offer by the Group, the operational risk for the Group decreases significantly.

Contract backlog:

- CSV Bourbon Oceanteam 101: The company has signed a new contract for the vessel until August 2019 (+2 x 1 year option).
- CSV Southern Ocean: Fugro TS Marine Australia firm until 31 December 2018 (+2 x 1 year option). In process of negotiation final terms to change the contract into a 5 year firm agreement against a rate reduction is ongoing.
- Lay Vessel North Ocean 105: McDermott International Inc. firm until 30 June 2017 (+1 year option +1 further additional year provided the charterers give advance written notice according to details in charter agreement).
- FSV Mantaraya and FSV Tiburon: contracts extended until end 2016. However contract risk is considered high, client is not paying and legal actions are imminent to collect overdue amounts.
- CSV Tampamachoco - under construction, delivery end of 2016 / early 2017. Vessel has a 5 year time charter contract in Mexico upon delivery.
- FSV Cobos & FAV Icacos - vessel working under 7 year time charter contract in Mexico. The vessels started operations in March 2015.
- Oceanteam Solutions: the level of secured work/tenders out are at satisfactory level. Seasonal effects remain and projects tend to have durations of weeks and months instead of years. Activity in the Oil & Gas segment is low but are being compensated by Offshore Renewables and Other projects.

Note 6 - Tax in Q3 2016

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

However, the Group has major tax losses to be carried forward due to losses on contracting business. Confirmation from the tax authorities of a deferred tax loss of NOK 1.2 billion has been received in October 2016 contingent general conditions are fulfilled related to Norwegian law. The Company is utilizing its deferred tax losses where applicable.

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

Note 7 - Contingent liabilities

The Company no longer has any outstanding legal issues.



Transpooling of cable to Oceanteam's 1100t turntable.

Note 8 – Investment in joint ventures, associates and subsidiaries

Joint ventures

DOT Shipping, is 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 percent ownership interest. This company is founded in October 2012 by Oceanteam ASA and Bourbon Offshore Norway AS. The Group has classified its interest in Oceanteam Bourbon Spares & Equipment AS as a joint venture.

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

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

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

GROUP Figures in USD '000

	DOT Shipping Companies		Oceanteam Bourbon Spares & Equipment AS	
	Cum Q3 2016	2015	Cum Q3 2016	2015
Revenue	3 229	3 603		
Profit before tax	369	301	(67)	(157)
Tax				
Net result	369	301	(67)	(157)
Current assets	2 783	3 984	474	1 153
Non-current assets	27 486	28 021	2 435	154
Current liabilities	(2 816)	(3 651)	(101)	(33)
Non-current liabilities	(16 043)	(17 279)	(2 963)	(1 312)
Net assets	11 411	11 074	(155)	(38)

GROUP Figures in USD '000

	DOT Shipping Companies		Oceanteam Bourbon Spares & Equipment AS	
	Q3 2016	2015	Q3 2016	2015
Group's interest in net assets of investee at beginning of year	4 317	2 949	(41)	63
Investments		1 233		
Total comprehensive income attributable to the Group	148	135	(34)	(104)
Total other comprehensive income attributable to the Group				
Dividends received during the year				
Carrying amount of interest in investee at 30 September 2016	4 465	4 317	(74)	(41)

Associates

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

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

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

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

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

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

In USD '000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	Q3 2016	2015	Q3 2016	2015
Revenue	24 260	23 590	10 984	16 346
Profit before tax	15 805	10 449	6 540	8 288
Tax				
Net result	15 805	10 449	6 540	8 288
Current assets	7 573	7 222	4 834	1 687
Non-current assets	59 437	58 261	98 972	102 748
Current liabilities	(5 232)	(8 828)	(521)	(1 859)
Non-current liabilities	(39 552)	(50 233)	(66 042)	(73 227)
Net assets	22 227	6 422	37 243	29 350

GROUP Figures in USD '000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	Q3 2016	2015	Q3 2016	2015
Group's interest in net assets of investee at beginning of year	17 817	26 828	12 182	13 043
Change in investment		(5 500)		(1 900)
Total comprehensive income attributable to the Group	7 902	5 111	1 739	2 235
Total other comprehensive income attributable to the Group	(6 839)	(8 621)	(1 379)	(1 197)
Wrongly booked from previous year				
Carrying amount of interest in investee at 30 September 2016	(18 881)	17 817	12 542	12 182

Subsidiaries

The Company has 14 subsidiaries to the Group in 2016.

- Following subsidiaries are material to the Group:
Oceanteam Shipping BV, Oceanteam Bourbon 4 AS, KCI the Engineers BV and Oceanteam Mexico SA de CV
- Oceanteam Bourbon 4 AS a material non-controlling interest held by Bourbon Offshore Norway.

	Oceanteam Bourbon 4 AS
Operating segment	CSV Southern Ocean
Principal place of business	Bergen, Norway
Ownership interest held by non-controlling interests	50%
Voting rights held by non-controlling interests*	40%

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

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

Figures in USD '000

	Oceanteam Bourbon 4 AS	
	Q3 2016	2015
Revenue	15 086	19 395
Profit before increase (decrease) of carrying amount from revaluation of vessels	8 807	6 722
Increase (decrease) of carrying amount from revaluation of vessels	(4 046)	(15 770)
Profit after increase (decrease) of carrying amount from revaluation of assets	4 761	(9 048)
Other comprehensive income		
Total comprehensive income	4 761	(9 048)
Profit attributable to non-controlling interests	2 380	(4 524)
Current assets	3 817	5 554
Non current assets	73 554	76 598
Current liabilities	(7 336)	(8 497)
Non-current liabilities	(53 279)	(65 705)
Net assets	16 757	7 950
Net assets attributable to non-controlling interests	8 378	3 975

Note 9 - Business combinations

Oceanteam Bourbon 4 AS

In December 2013, the owning parties agreed to change the shareholders' agreement for Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS. This resulted in Bourbon Offshore Norway AS gaining control over Oceanteam Bourbon 101 AS and Oceanteam Shipping ASA gaining control over Oceanteam Bourbon 4 AS. The effect was from 1 January 2014 and both parties have implemented changes accordingly to the agreement.

Equity interests still remains 50 percent but as 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 ASA, 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 30 September 2016 non-controlling interests held USD 34 million of equity in the Group accounts which include revaluation reserve of negative USD 15.5 million.

Revenue from the company Cum Q3 2016 is USD 15.1 million and profit is USD 8.8 million, revaluation reserve for the company is amounted to negative USD 35.4 million per balance sheet date.

KCI The Engineers B.V.

On 20 February 2014, Oceanteam Shipping ASA purchases the remaining 30 percent shares of KCI BV as part of its Solutions driven services strategy.

Oceanteam shipping assets

Vessels

CSV Bourbon Oceanteam 101



Since delivery in December 2007, this DP2 Construction Support Vessel has been operating as a field support vessel in Angola. The first of the standard design North Ocean 100 series is jointly owned by Oceanteam and Bourbon Offshore Norway. The ship is 125 meters at length with a 27 meter beam. It has excellent seafaring capabilities, two heave compensated cranes of 150 tonnes and 100 tonnes, moon pool, 2000m² free deck space and 120 accommodation which enables the 101 to be utilized for field support, construction, installation and IRM support.

CSV Southern Ocean



The vessel was delivered in Q4 2010 and immediately commenced its first project in Australia. This DP2 Construction Support / Flexible Product Installation vessel combines a moon pool, two large heave compensated cranes of 250 tonnes and 110 tonnes. 2500m² deck space, 120 accommodation and excellent seafaring capabilities, enabling her to be utilized for field support, construction, installation and IRM.

Lay vessel North Ocean 105



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

FSV Icacos / FSV Cobos



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

FSV Mantarraya / FSV Tiburon



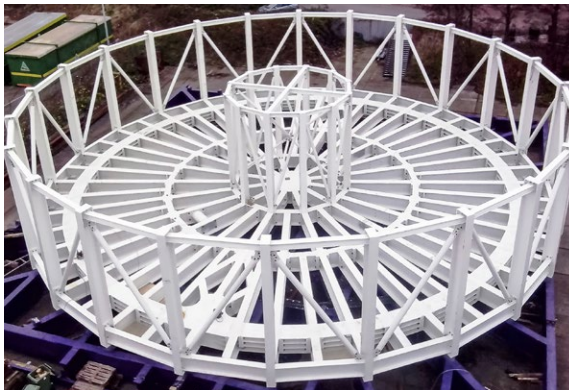
These innovative Fast Support Vessels (FSV's) are operational. The vessels are capable of transporting 75 POB and cargo at a cruising speed of 25 knots with largely improved fuel efficiency.

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 early 2017 is fully financed and has secured a long-term time charter in Mexico. DOT Shipping has a 50-percent interest in this new large build construction support vessel and is owned through a joint venture between DOT Shipping and Pacific Radiance (headquartered in Singapore).

Up to 5000T demountable turntables & related equipment



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

APPENDICES

Press release, 20 October 2016

Oceanteam ASA - appoints interim CFO

Today the Norwegian-Dutch offshore service provider Oceanteam ASA appointed Wilhelm Bøhn (48) as interim CFO.

Mr Bøhn, who holds an MBA from Columbia University and a BA from the Johns Hopkins University, has a solid track record in corporate finance and has been involved in a number of restructurings. Mr Bøhn will head the company's financial department and in particular lead the current financial restructuring process.

"I am excited to assume my new role and resulting responsibilities", says Bøhn. "Oceanteam records solid performances in its shipping and solutions divisions. But its growth is restricted by a cost of capital that is too high and its lack of financial flexibility to cope with and adapt to today's market circumstances. I very much look forward to working closely with CEO Haico Halbesma and the Board of Directors and with our banks, bondholders and others parties to create a solid financial foundation for the company together to take advantage of the opportunities ahead of us."

Oceanteam will present its Q3 accounts on 10 November 2016 at 8am in the Hotel Continental in Oslo.

Also read:

[Oceanteam CEO Halbesma takes over CFO tasks](#)

[Oceanteam CFO Torbjorn Skulstad to leave company as of November 2016](#)

About Oceanteam ASA

The Company is comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Shipping owns, charters and manages deep-water offshore support vessels and fast support vessels. Oceanteam Solutions focus is to provide its clients with complete offshore solutions. Oceanteam ASA has been active in the industry as an offshore solutions provider for over ten years.

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This information is subject of the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Press release, 20 October 2016

Oceanteam ASA - Initiates financial restructuring

Oceanteam ASA ("Oceanteam" or "Company") is in the process of developing a restructuring plan that will secure a capital cost and structure which will support the value preservation and financial flexibility while enabling value creation for all stakeholders.

Oceanteam has initiated constructive dialogue with its stakeholders to shape its financial restructuring process and improve the financial flexibility in today's challenging market situation. The Company is facing serious financial restraints by its current capital cost and structure, which is restricting its ability to develop in the interest of its stakeholders. This has taken the effect of immediate cash liquidity constraint for various reasons - some of temporary and some of permanent character. The Company needs financial flexibility to further advance the business while coping with the market circumstances. Consequently the Company has initiated dialogue with its banking group and will immediately do the same with its Bondholders with the aim of establishing a revised capital structure and cost of capital supporting the long term growth of Oceanteam. The Company is currently reviewing all alternatives available given the current market conditions and will detail this initiative in near future.

About Oceanteam ASA

The Company is comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Shipping owns, charters and manages deep-water offshore support vessels and fast support vessels. Oceanteam Solutions focus is to provide its clients with complete offshore solutions. Oceanteam ASA has been active in the industry as an offshore solutions provider for over ten years.

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This information is subject of the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Press release, 23 October 2016

Oceanteam ASA - ("Oceanteam" or "Company") informs bondholders of the deferral of interest payment on senior unsecured bond and starts dialogue on long term capital structure

Following initial talks with banks last week kicking off the Company's planned capital restructuring, Oceanteam ASA will personally inform its bondholders as from 24 October 2016 that it will not meet its interest payments on the Senior unsecured Bond due that same date.

As part of the financial restructuring that was announced October 20th 2016, Oceanteam has already entered into dialogues with its banks and largest bondholders. The Company will continue this process with all its bondholders with the aim of establishing a revised capital structure and cost of capital supporting the long term growth of Oceanteam.

"The deferral of the Company's interest payments is the immediate result of our short term cash position that has been depleted by reduced rates and costs related to the recent extensions of vessel contracts of CSV Bourbon Oceanteam 101 and CSV Southern Ocean and SPS for CSV Bourbon Oceanteam 101", says Wilhelm Bøhn, CFO of Oceanteam. "Due to these events we are enduring unexpected delays in the first payments on charter hires on the above mentioned contracts and are not in a position to meet the interest payment obligations that are due on 24 October 2016 according to Bond Agreement."

The Company is currently reviewing all alternatives available given the current market conditions. "We are aiming to continue our constructive dialogue with our banks and bondholders alike. We invite all bondholders who hitherto may not have had direct communication with the Company to contact us", says Bøhn.

Oceanteam ASA will detail its capital restructuring plan as in near future.

Also read:

[Oceanteam ASA initiates financial restructuring](#)

[Oceanteam manages to extend two vessel contracts](#)

About Oceanteam ASA

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