

INTERIM REPORT

Q4 2016



OCEANTEAM



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MESSAGE FROM THE CEO

For Oceanteam, the fourth quarter of 2016 was a combination of business as usual and preparing the company for a future of high performance and returns. The management and the teams of our operating companies were very much focused on their day-to-day market opportunities and challenges. These included securing our vessel charter rates and current backlog and tendering for new contracts, especially in the field of equipment and engineering solutions. Additionally, they were exploring new opportunities in areas such as renewable energy and civil engineering.

Our fourth-quarter revenues came in at US\$ 11.2 million and we recorded EBITDA of US\$ 2.8 million both of which met market performance forecasts in what were very challenging conditions. The company also made solid progress in terms of increasing the share of

revenues from our Solutions division, which came in at 49% in Q4 2016.

In late October 2016, the Executive Board and management initiated proactive and constructive talks with our bondholders and banks to discuss a new capital foundation for the company. We expect to announce the new terms we have since agreed with our bondholders shortly after the publication of the Q4 press release and this report. We believe the new agreement reflects the firm belief all the stakeholders involved have in the future direction and proven track record of our company.

Thanks to the agreement with our bondholders and including the sale of the North Ocean 105 (expected effective no later than 1 May 2017), Oceanteam has

secured the financing it needs and safeguarded its continuity as a going concern. As we have earlier stated, this milestone embodies the joint and constructive efforts of all of our stakeholders (bondholders, banks, the Halbesma family as a major shareholder and the executive management team) to ensure the success of this deal.

LEVERAGING OUR CAPABILITIES

The current state of the Oil & Gas market is expected to remain challenging for the coming period. However, the Company's early focus on Offshore Renewables, Engineering & Logistic Solutions, plus its expansion in certain geographical areas, will help the company to safely navigate the current market low, as well as the structural changes in the Oil & Gas market. We are also in the process of creating new revenue sources in the field of civil engineering, offshore-related logistic solutions, while using the same core capabilities that have made Oceanteam the distinguished niche player it is known as today.

LONG-TERM COMMITMENT

During the talks, our bondholders underlined the importance of maintaining continuity within and around the company, and improve it in a structured way

1. By further building upon the existing knowledge, experience of our board, and market drive of the executive and operational management; the bondholders remain supportive as significant capital providers top the company.
2. By improving the company's governance structure; as a result, a new board member will join the company.
3. By realising a slimmed down cost structure with a lowered and more flexible overhead, enabling Oceanteam to swiftly adopt to market circumstances or quickly scale opportunities in unchartered business territory; as a result, an external consultant will continue with the roll-out of the Challenger 2016/2017 cost program that had already led to G&A reductions on overhead and indirect revenue related expenses in 2016.

To further support the company and focus on the long term continuity, its founders and main shareholders (i.e. Chairman Hessel Halbesma and CEO Haico Halbesma) have agreed to defer significant due payments. To reward the team for the future growth of the firm, Chairman Mr. Hessel Halbesma and CEO Haico Halbesma have decided in addition to transfer 50% of their Management Incentive Programme, a condition that has been suggested by the bondholders as part of the new bond loan terms, to a widely distributed team of various group companies.

ALIGNED VALUE

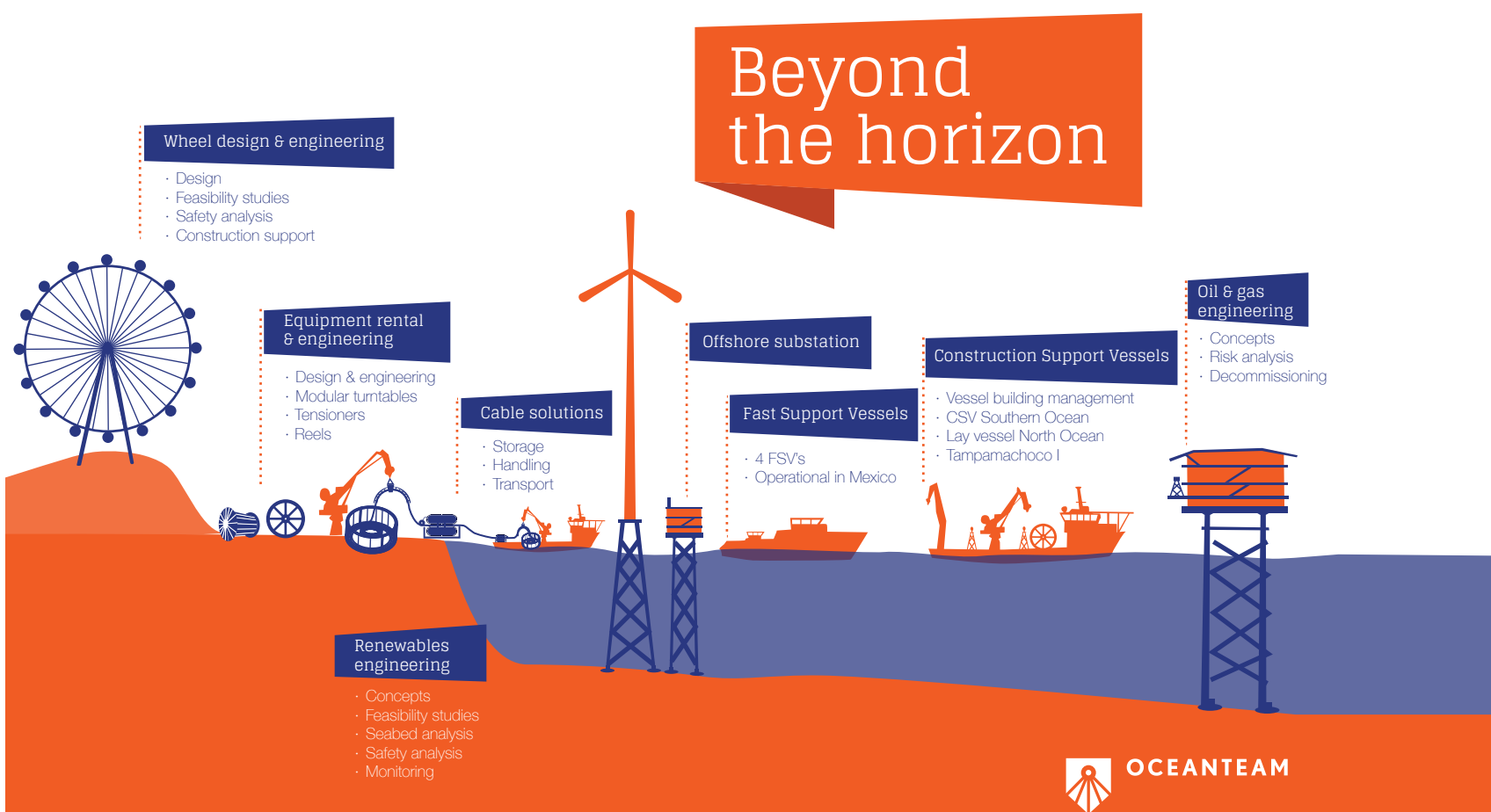
Once again, to ready the company for the future and in line with the market and asset value developments, the company recognised significant impairments on its assets in Q4 2016. Under the day-to-day management of CFO Wilhelm Bohn, Oceanteam has successfully aligned its values with new realities and tied up all loose ends. The significant corresponding restructuring costs were incurred and recognised in the fourth quarter of 2016.

Due to the fact that we are in the process of completing a restructured capital and cost structure, Oceanteam will be capable to look forward to a bright future focussing as an one-stop offshore service provider.

ACTIVITIES

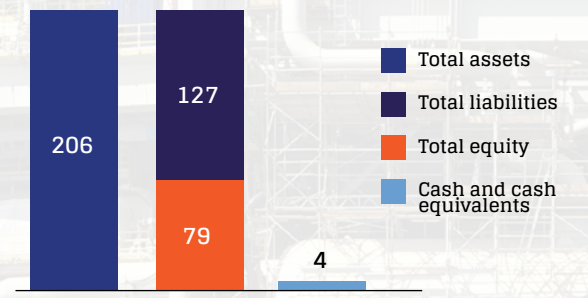
And bearing in mind that in 2016, the company concluded numerous projects successfully, entered into new charter agreements and projects, deferred the start of a new seven-year charter with an option for a new-build with a minimum of one year, and had its first full year of operations in Mexico, we are convinced that the best is yet to come.

Haico Halbesma
CEO
Oceanteam ASA

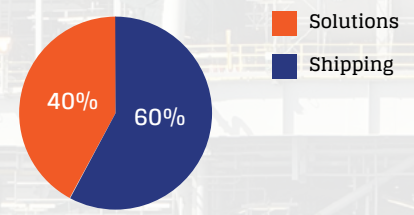


KEY FIGURES FOR THE GROUP

BALANCE SHEET



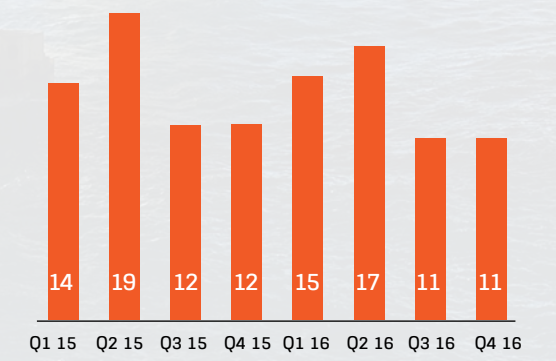
REVENUE SPLIT 2016



USD in million	Q4 16	Q4 15	Cum Q4 16	Cum Q4 15
Revenue	11.2	10.9	53.8	55.6
Operating cost	3.9	2.5	17.1	14.7
General & administration	3.9	2.7	13.1	13.9
Restructuring cost	0.6	0.0	1.5	0.0
EBITDA	2.8	5.6	22.1	27.0
EBITDA percentage	25%	52%	41%	49%

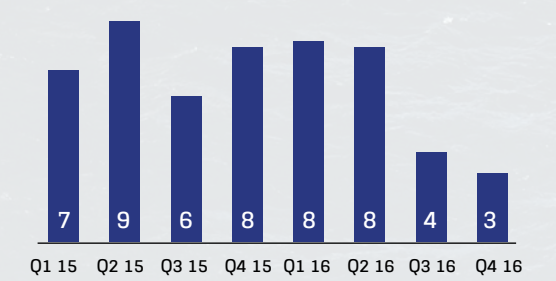
REVENUE

USD 11.2 million



EBITDA

USD 2.8 million



"EBITDA" means earnings before interest, tax, depreciation, impairment, revaluation and amortization for the Reporting Group in accordance with IFRS, (as set out in the then most recent financial statements (annual or quarterly (as the case may be)) of the Issuer. EBITDA shall be calculated on a 12 months rolling basis.

FINANCIAL HIGHLIGHTS

Oceanteam ASA initiates financial restructuring and 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. Simultaneously, the company informed bondholders of the deferral of interest payment on Senior unsecured Bond

SUBSEQUENT EVENTS

Oceanteam ASA reaches an understanding with its bondholders on the main terms of the bond loan.

Oceanteam releases joint-venture partner McDermott; declared its intention to utilise its option to purchase Oceanteam's 25% ownership in the vessel-owning company North Ocean 105 AS by the end of April 2017.

\$11.2M
Revenue from operations

\$2.8M
EBITDA from operations

\$1.5M
Operating loss

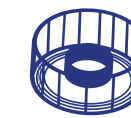
-\$2.4M
Net finance

-\$3.1M
Net result for the quarter



OPERATIONAL HIGHLIGHTS

Oceanteam ASA appointed Wilhelm Böhn (48) as CFO.



Oceanteam Solutions has been awarded 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.

Oceanteam Solutions was awarded a contract for engineering and supplying a 4000T and a 2000T turntable for the splicing, storage and multiple loadouts of cables.

Fugro NV retains charter contract on CSV Southern Ocean rather than transfer it to a subsidiary of Fugro NV.

Oceanteam's subsidiary Diavaz-Oceanteam Shipping (DOT) has come to an agreement with seller Pacific Radiance to postpone the delivery of the CSV Tampamachoco 1 (T1) for one year with option for second year.



SUBSEQUENT EVENTS

Oceanteam's subsidiary KCI is selected by Beijing-based client, and with this enters the Chinese market with offshore wind contract.

Oceanteam extends contract with 1 year for supply of cable installation spread including 4000T turntable.



MAIN OPERATIONAL PROJECTS OCEANTEAM SOLUTIONS DURING THE QUARTER:

- Large cable splicing and jointing started involving multiple disciplines and equipment with an expected duration of 6 months.
- Supply of full cable installation spread to Offshore Wind client.
- Multiple cable storage contract ongoing.
- Various multi discipline design engineering contract ongoing.
- Worlds largest Ferris Wheel design, construction, lifting support continues to create significant amount of work.
- Phase 1 Offshore Wind Park design in China completed and commenced phase 2

BUSINESS AREAS

OPERATIONS NORTH OCEAN FLEET

CSV Bourbon Oceanteam 101: after successfully completing a long-term charter with Oceaneering and BP Angola, has completed a dry dock period and 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. The vessel will remain under contract by Fugro TS Marine Australia until the end of 2018 and has options for extension.

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

Oceanteam Mexico SA de CV operates two Fast Support Vessels (FSV's), the Tiburon and Mantaraya. The vessels are currently available, will go into dry dock and will be ready to commence new contracts by May 2017.



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 newbuilds, named 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 ready but DOT deferred delivery with 1 year plus option for another year delay.



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

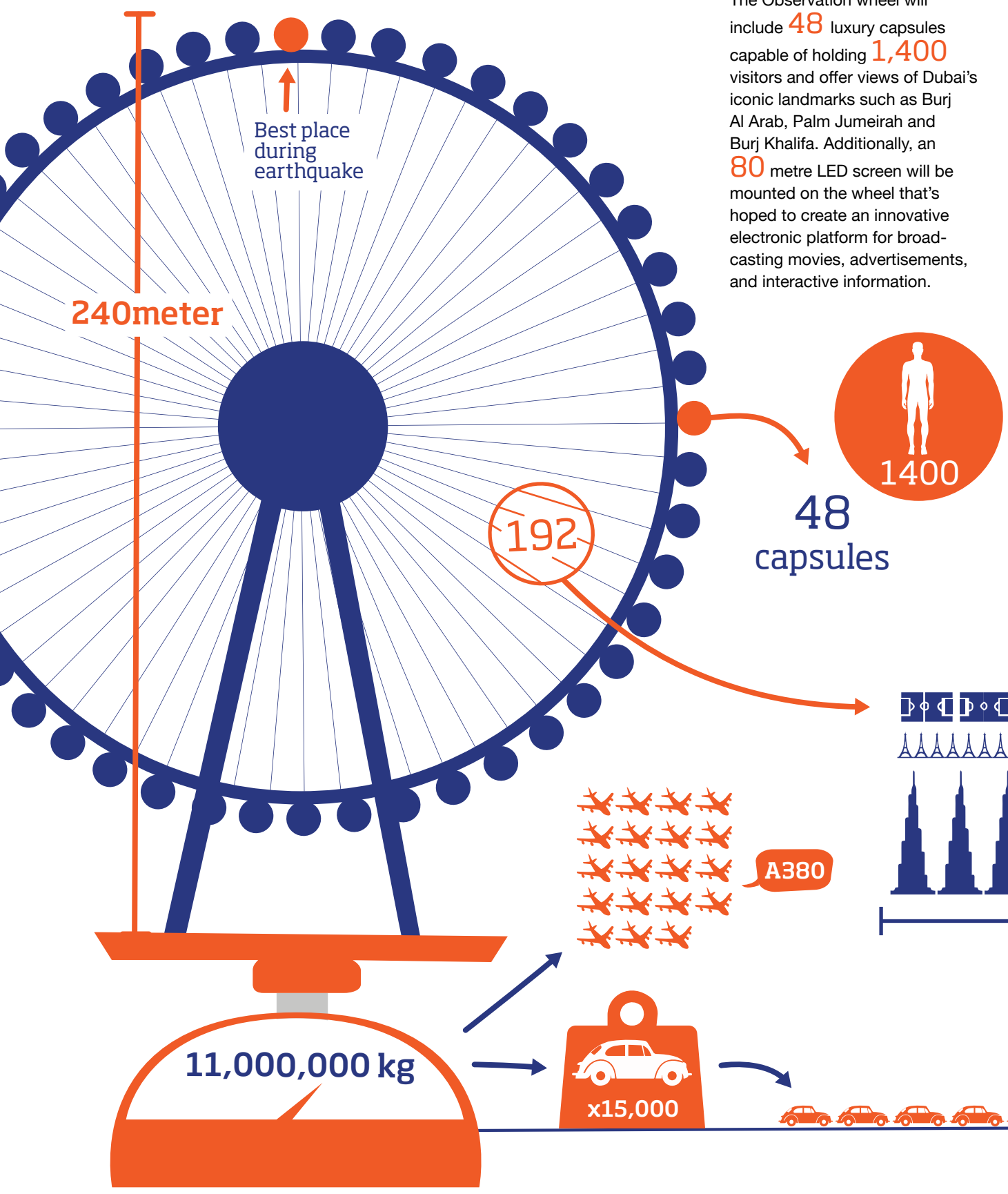
client base worldwide, to which the company successfully supplies equipment and supports the client's offshore cable, pipeline and umbilical installations, transport and storage projects. From our base with deep-water quayside facilities in Velsen-Noord, the Netherlands, the company can accommodate all 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.

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

DUBAI-I RENAMED TO AIN DUBAI

Why? Well, 'Ayn' is the sixteenth letter of the Arabic alphabet, and translates as 'eye'. The Ain Dubai will serve as the centerpiece of Bluewaters Island project which will include a range of entertainment, hospitality, residential and retail zones as well as the **240 meter** high Observation wheel.

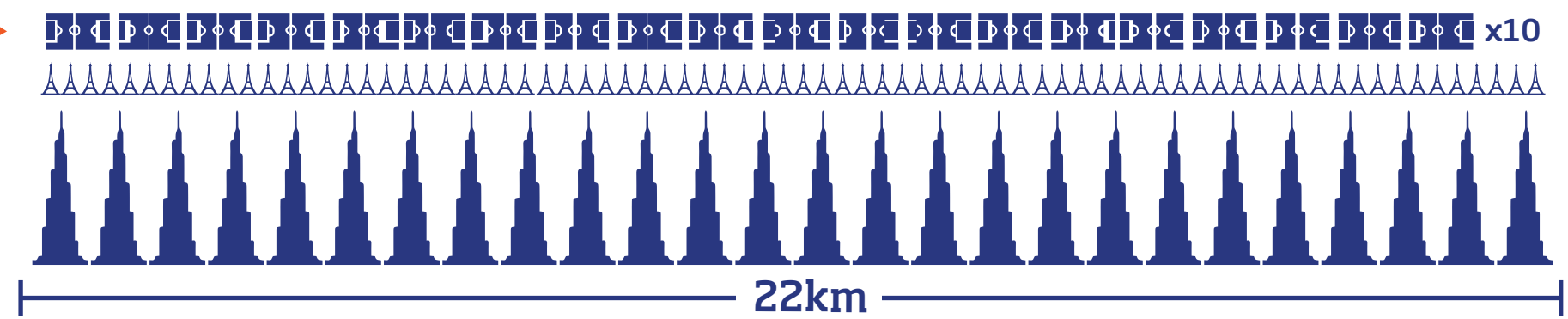


The Observation wheel will include **48** luxury capsules capable of holding **1,400** visitors and offer views of Dubai's iconic landmarks such as Burj Al Arab, Palm Jumeirah and Burj Khalifa. Additionally, an **80** metre LED screen will be mounted on the wheel that's hoped to create an innovative electronic platform for broadcasting movies, advertisements, and interactive information.



Oceanteam subsidiary KCI - the Engineers, recently carried out the installation engineering for the heaviest onshore lift in history for the Dubai-I, the world's largest Observation Wheel. The spindle for the Dubai-I was lifted on it's A frame end of May 2016. The crane had to lift a record weight of 1835 tonnes. KCI has taken care of its concept, the basic and detailed design and the installation engineering. The spindle is the biggest ever build and was shipped from Abu Dhabi to Bluewaters Island in Dubai in the 2016 spring.

The Dubai-I is one of the first successful projects of KCI's recently launched Wheels division. With the newly launched division, the company gives its expertise in this field a more prominent place in the marketing strategy. The Wheels division now has become the fourth pillar in KCI's marketing strategy, next to Oil & gas, Renewables and Equipment. KCI has been involved in the development of over 15 Observation Wheels, geographically spread from New York to China.



« During an earthquake the best place is the top of the wheel »

MARKET OUTLOOK

The main factor in the market outlook is the turmoil in the oil price. 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 superior backlog for 2017 and well into 2020 for its CSV assets. There is considerable uncertainty as to how long it will take before demands pick up and market conditions are expected to remain challenging for several years. The Company is still positive and believes that the long-term fundamentals of the relevant markets and regions it operates in remain strong and that its diversification strategy supports utilization for its assets and ride the next upturn in our cyclical markets. To meet the macro challenges the Company continues to focus on capital and cost discipline to strengthen its balance sheet.

The performance of the company in the quarter was weaker than previous quarters. And the company is in the final stages of completing a restructuring that will secure a capital cost and structure which will support the value creation and financial flexibility and enabling value creation for all stakeholders. Oceanteam initiated in 2016 dialogue with its stakeholders to shape its financial restructuring process and improve the financial flexibility in today's challenging market situation. All parties have been constructive in these processes in support of the company.

In January, Oceanteam announced that it had reached an understanding with its bondholders on the main terms of the bondloan. The new terms will not include any equity offering. However, significant cash compensation due to CEO Mr. Haico Halbesma, will be deferred as part of the agreement. Furthermore, there is an understanding for the use of proceeds from the sale of North Ocean 105 for repayment of vendors and of secured lenders of Oceanteam.

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 target.

The Company has always focused on strong long-term backlog seeking full utilization of its high-end deepwater assets, a proven strategy that gives 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 faster or slower 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 and 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 in the building of 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 the different disciplines and resources into cost effective solutions which creates 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.

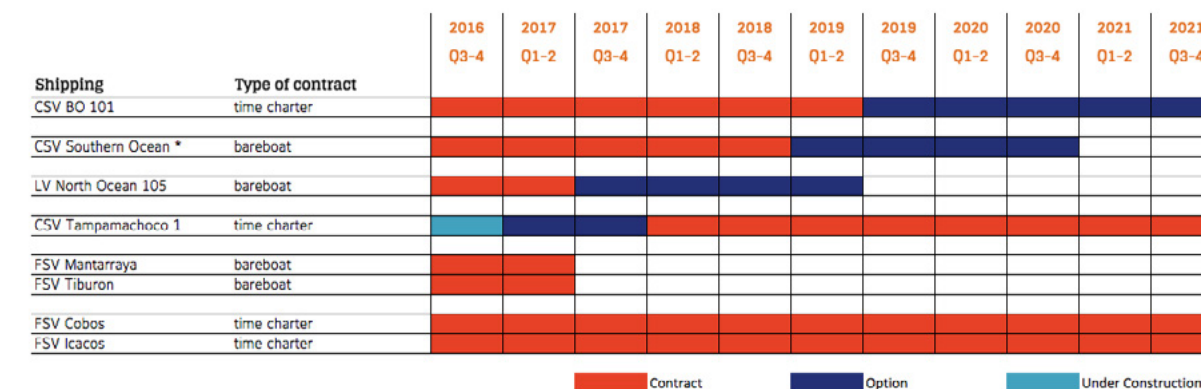
The Company aims to steer profitably through this challenging period and ride the next upturn in our cyclical markets.

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



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 has initiated constructive dialogue with its stakeholders to shape and improve the financial flexibility in today's challenging market situation. The Company needs financial flexibility to further advance the business while coping with the market circumstances. Consequently, the Company initiated dialogue in Q4 with its banking group and its bondholders with the aim of establishing a revised capital structure and cost of capital supporting the long-term growth of Oceanteam.

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 with 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 managing of the 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 for the construction costs hedged in EUR. Long-term post construction finance has been secured in USD where the interest rate is fixed. In the loan agreement for the CSV Bourbon Oceanteam 101 and CSV Southern Ocean 50 percent of the Libor interest rate is fixed. This protects the Company from volatile interest rate fluctuations. For the new-build, CSV Tampamachoco 1, it has not yet been decided when to secure the interest rate due to volatile market conditions. 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.

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 38.5 percent of total assets of 206 million USD.

LIQUIDITY RISK

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 upstreaming of cashflow

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.

The company has \$4.8 million in outstanding trade receivable and \$6.3 million in outstanding trade payables.

INVESTMENTS AND YARD RISK

DOT Shipping has one large Construction Support Vessel, named Tampamachoco 1, under construction, which is due for delivery early 2018. The second installment for this new-build has been completed during the first quarter of 2015. All costs concerning construction are funded by the owners and is progressing as scheduled. Among the most critical risk factors in relation to the construction of the vessel is the risk for 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 of the last period is also a risk that needs to be taken into account. However, this is Oceanteam's sixth building project of deepwater 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 3.0 million which the Company is utilising through increased profits and securing new contracts in the Netherlands.

In addition, there is more from abroad activities to be utilised up to the amount of total USD 16 million. In addition to the abroad 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 parent company Oceanteam ASA has been prepared by Norwegian General Accepting Accounting Principles (NGAAP).

For further reference about the Company, please review the Annual Report 2015 available on the Company's website www.oceanteam.no

WHO WE ARE AND WHAT WE DO

Oceanteam is a diversified 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 and in Mexico. The corporate head quarter is in Bergen, Norway. The Company is well positioned in growth basins including 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 companies.

OCEANTEAM SOLUTIONS

Oceanteam Solutions provides a complete range of projects which have higher to lower level of high quality equipment needs. Equipment suitable for offshore cable laying, umbilical installations, onshore and off-shore 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.

These projects have simultaneously higher to lower level engineering services needs which we provide as package deal. The full package of engineering services includes designs and engineering of complete platforms and infrastructures for the three industrial sectors oil and gas, civil engineering and renewables

industry. More than a hundred professionals offer a unique range of in-house experience and expertise. All engineering services within the Group are done in-house. Furthermore, 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 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.

 Offices  Operations

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 teams 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 unprecedented knowledge of the local 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 newbuilds 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. McDermott earlier announced that it must exercise its option to purchase Oceanteam's 25% ownership in the vessel-owning company North Ocean 105 AS by the end of April 2017 according to its own credit facilities covenants.

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).

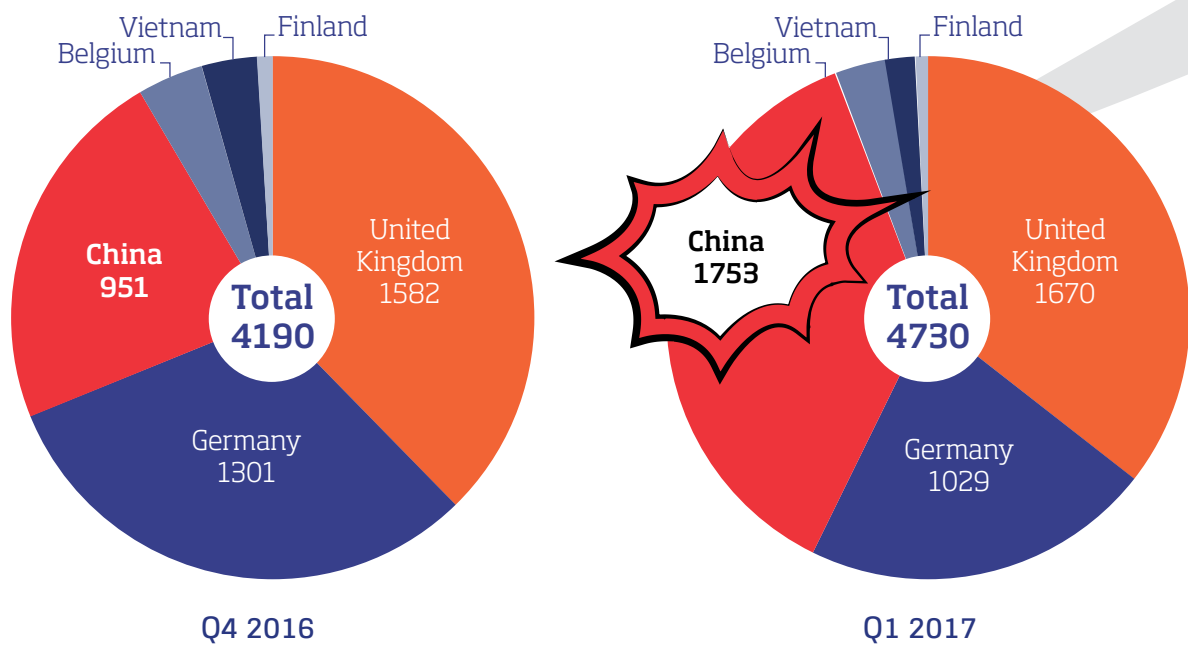
We establish strong (local) partnerships and strategic alliances. Our ambition is to be a preferred partner in offshore solutions for economically and technically challenging projects in the oil and gas as well as the offshore renewables industry.



OFFSHORE WIND MEGATRENDS

BOOMING CHINESE MARKET

Capacity under construction (in megawatt)



Source: 4C Offshore Limited

KCI THE ENGINEERS ENTERS CHINESE MARKET WITH OFFSHORE WIND CONTRACT

Beijing-based Huadian Heavy Industries selected Oceanteam's subsidiary KCI the Engineers for the design review, fabrication preparation, load out and installation of an offshore substation. KCI will take care of the design review of both the topside as well as the foundation. This project is the firm's first step entering the promising Chinese renewables market.

Last year, Oceanteam Solutions and KCI announced their plans to enter the Chinese market, in collaboration with a local agent.

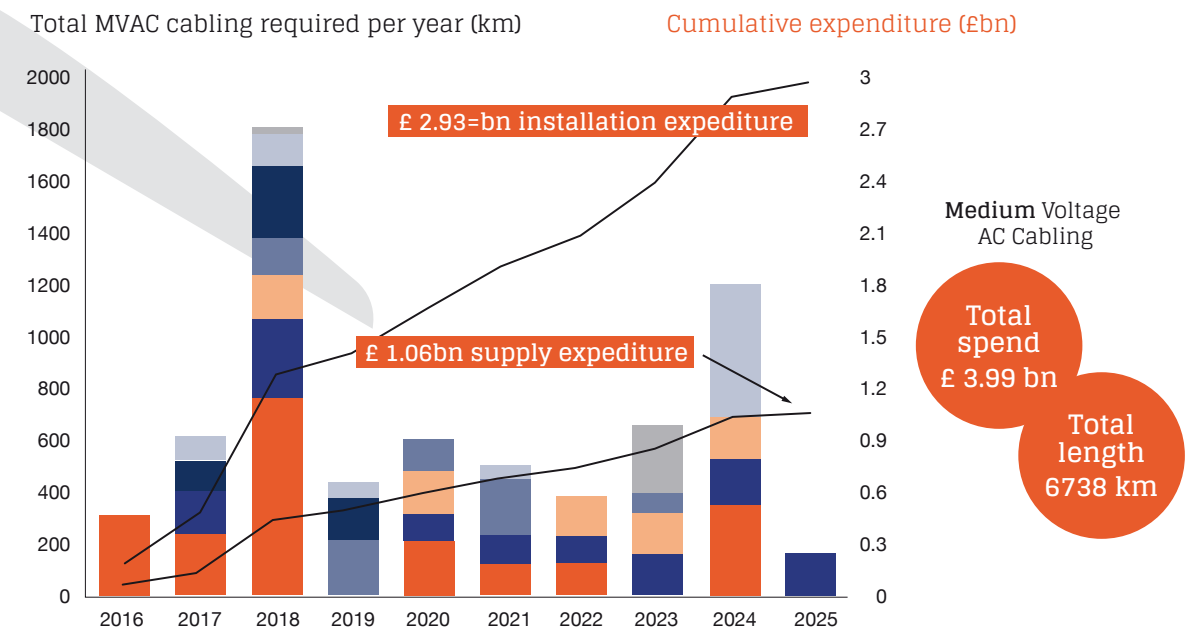
China is world's biggest investor in renewable energy, including wind energy projects. As a result, the Chinese market offers enormous opportunities for wind turbine suppliers, offshore solution providers and engineering firms, like Oceanteam Solutions and KCI.

BRIGHT SUBMARINE ELECTRICITY CABLES FUTURE

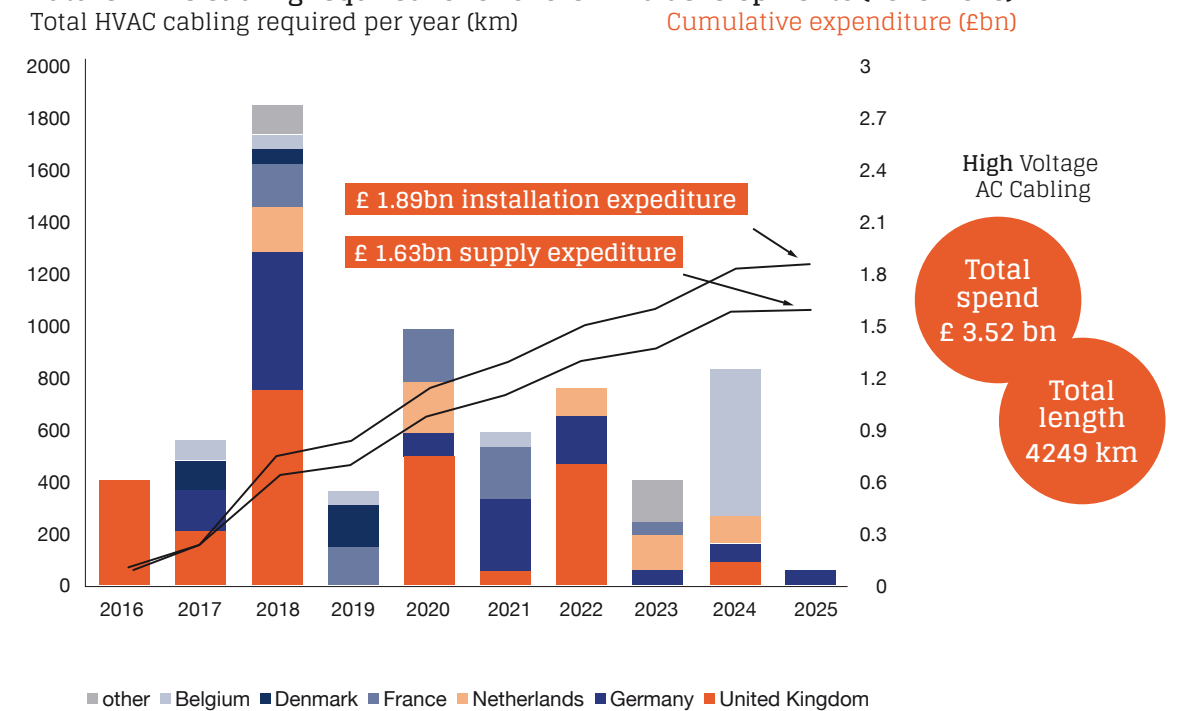
GROWING DEMAND FOR OFFSHORE WIND POWER SOLUTIONS IN EUROPE

Oceanteam Solutions (OTS) is currently receiving an above average number of RFQ's (Request for Quotation) for equipment rental contracts. According to Oceanteam Solution's managing director Lex van Doorn, European offshore wind power projects in particular will be a major growth driver in the coming years.

Nowadays, almost all European Member States focus on sustainable energy, with the UK en Germany in pole position. Good news for the cable laying, transportation and storage business: offshore wind power is leading in most energy-saving strategies.



Future HVAC cabling required for offshore wind developments (2016-2025)



FINANCIAL STATEMENTS

Condensed consolidated statement of comprehensive income

GROUP Figures in USD '000

	Notes	Unaudited Q4 2016	Unaudited Restated* Q4 2015	Unaudited Cum Q4 2016	Unaudited Restated* Cum Q4 2015
Revenue	5	10 686	10 371	43 671	50 258
Gain on disposal of assets					
Net income from associates/ joint ventures	2,8,9	474	514	10 094	5 368
Total operating revenues	4,5	11 160	10 885	53 765	55 627
Operating costs		(3 867)	(2 537)	(17 078)	(14 676)
General & administration	8	(3 907)	(2 703)	(13 145)	(13 947)
restructuring costs & G&A, to be explained	8	(630)		(1 456)	
Depreciation	2,3	(2 541)	(3 086)	(9 498)	(11 113)
Write off	3		(6 407)	37	(6 766)
Total operating expenses before increase (decrease) of carrying amount of revaluation of assets		(10 945)	(14 733)	(41 140)	(46 502)
Profit (loss) before increase (decrease) of carrying amount from revaluation of assets.		215	(3 848)	12 625	9 124
Increase (decrease) of carrying amount from revaluation of vessels	2	1 330	(4 044)	(2 716)	(17 570)
Operating profit (loss) after increase (decrease) of carrying amount from revaluation of assets.		1 545	(7 892)	9 909	(8 446)
Financial income		238	34	239	236
Financial costs	6	(2 879)	(2 839)	(11 610)	(12 719)
Foreign exchange results (loss)		288	285	(617)	498
Net finance		(2 353)	(2 519)	(11 987)	(11 985)
Ordinary profit (loss) before taxes		(807)	(10 412)	(2 079)	(20 431)
Tax expense	7	(2 272)	(713)	(2 286)	(751)
Net result		(3 080)	(11 125)	(4 364)	(21 182)

Condensed consolidated financial statement of financial position

GROUP Figures in USD '000

	Notes	Unaudited 31.12.2016	Unaudited Restated* 31.12.2015
Assets			
Deferred tax assets	7	3 000	5 250
Intangible assets		886	1 050
Goodwill	3	9 300	9 300
Intangible assets		13 186	15 600
Investment in associates and joint ventures	2, 9	32 594	33 001
Vessels and equipment	2	144 897	153 856
Tangible assets		177 491	186 856
Total non-current assets		190 677	202 458
Trade receivables		4 828	5 782
Other receivables		7 055	13 298
Receivables	11	11 883	19 081
Cash and cash equivalents		3 514	5 165
Total current assets		15 397	24 246
Total assets		206 075	226 704
Equity and liabilities			
Share capital		2 595	2 595
Treasury shares		(257)	(257)
Share premium		1 304	1 304
Reserves		43 010	45 736
Revaluation reserve	2	(3 969)	9 185
Equity attributable to owners of the Company		42 683	58 563
Non-controlling interests		51 478	48 075
Revaluation reserve		(14 847)	(13 489)
Total non-controlling interests	9	36 631	34 586
Total equity		79 314	93 149
Loans and borrowings			101 038
Total non-current liabilities	5		101 038
First year installments	5	105 933	8 100
Trade payables	12	6 356	4 880
Tax payable		(65)	(87)
Public charges		353	770
Other current liabilities	12	14 183	18 852
Total current liabilities		126 760	32 515
Total liabilities		126 760	133 553
Total equity and liabilities		206 075	226 704

* See note 10 for details regarding the restatement as a result of an error.

GROUP Figures in USD '000

Condensed consolidated statement of comprehensive income	Q4 2016	Restated* Q4 2015	Cum Q4 2016	Restated* Cum Q4 2015
Total net result	(3 080)	(11 125)	(4 364)	(21 182)
Items that will never be reclassified to profit or loss				
Other comprehensive income				
Changes in revaluation model	2 (1 328)	(2 284)	(9 126)	(11 779)
Items that will never be reclassified to profit or loss	(1 328)	(2 284)	(9 126)	(11 779)
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	(1 328)	(2 284)	(9 126)	(11 779)
Total comprehensive income for the year	(4 408)	(13 409)	(13 490)	(32 961)
Profit (loss) attributable to:				
Owners of the company	(4 827)	(11 827)	(11 827)	(31 449)
Non controlling interests	1 747	702	4 973	10 267
Profit (loss)	(3 080)	(11 125)	(4 364)	(21 182)
Total comprehensive income attributable to:				
Owners of the company	(6 820)	(12 089)	(17 105)	(34 443)
Non controlling interests	2 412	(1 320)	3 615	1 481
Total comprehensive income for the year	(4 408)	(13 409)	(13 490)	(32 961)
Earnings per share (in USD)				
Basic earnings per share (in USD)	(0.12)	(0.42)	(0.16)	(0.80)

* See note 10 for details regarding the restatement as a result of an error.

Condensed consolidated statement of changes in equity

GROUP Figures in USD '000

	Notes	Unaudited 31.12.2016	Unaudited 2015
Equity at period opening balance (Number of shares: 29,593,259)		93 149	133 773
Profit after taxes majority		(9 337)	(31 449)
Profit after taxes minority		4 973	10 267
Revaluation of assets		(9 126)	(11 779)
Tax on revaluation reserve			
Translation differences			(247)
Adjustments prior period		27	503
Transactions with owners of the Company, recognised directly to equity			
Changes in non-controlling interests			(12 404)
Investments		(373)	(2 670)
Equity at period end (Number of shares: 29,593,259)		79 314	93 149

	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	(1 810)	47 546	45 736	9 185	34 586	93 149
Profit and loss				(7 979)	(7 979)	(1 358)	6 331	(3 006)	
Coverage of previous losses									
Other comprehensive income							(9 126)	(1 358)	(10 484)
Changes in revaluation model									
Tax on revaluation reserve									
Translation differences									
Total comprehensive income				(7 979)	(7 979)	(10 484)	4 973	(13 490)	

Contributions by and distributions to owners

Change in non controlling interests									
Dividends to non-controlling interests								(5 250)	(5 250)
Investments/Revaluation				(373)	(373)				(373)
Adjustments prior period				27	27				27
Issue of ordinary shares									
Reclassify				5 598	5 598	(2 670)	(2 927)		
Equity per 31 December 2016	2 595	(257)	1 304	(1 810)	44 820	43 010	(3 969)	36 630	79 314

GROUP Figures in USD '000

	Share capital	Treasury shares	Share premium	Trans- lation 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						(22 664)	(22 664)	(8 785)	19 052
Coverage of previous losses									(12 397)
Other comprehensive income									
Changes in revaluation model							(11 779)	(8 785)	(20 564)
Tax on revaluation reserve									
Translation differences									
Total comprehensive income						(22 664)	(22 664)	(20 564)	10 267

Contributions by and distributions to owners

Change in non controlling interests									
Dividends to non-controlling interests								(5 250)	(5 250)
Investments/Revaluation				(247)	503	256			256
Adjustments prior period									
Issue of ordinary shares									
Reclassify					18 363	18 363	2 670	(23 702)	(2 670)
Equity per 31 December 2015	2 595	(257)	1 304	(1 810)	47 546	45 736	9 185	34 586	93 149

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.		(4 364)	(21 182)
Decrease of carrying amount from revaluation of vessels		2 716	17 570
Tax		786	751
Ordinary profit (loss) before taxes		(862)	(2 861)
Depreciation and amortization of tangible assets	2	9 498	11 113
Tax paid		23	(226)
Write off assets		37	6 765
Net income of associates		(10 094)	(5 368)
Change in trade receivables		(1 147)	3 089
Change in other receivables		6 243	(4 590)
Change in trade payables		1 476	(1 013)
Change in other accruals		5 285	4 641
Interest expense without cash effect		1 771	1 650
Others		(2 664)	2 736
Net cash flow from operating activities		9 566	15 935
Cash out due to investments	2,3	(2 693)	(5 470)
Cash in due to disposals			2 895
Cash in due to disinvestments			600
Cash in due to sale of shares			
Net cash flow from investing activities		(2 693)	(1 975)
Issuing of new debt		30	5 540
Borrowing cost			
Repayment of debt		(8 107)	(46 117)
Reclassify			
Dividend paid out to non-controlling interests		-	(12 404)
Net cash flow from financing activities	5	(8 077)	(52 981)
Effect of changes to exchange rates on cash and cash equivalents		(15)	(322)
Net change in cash and equivalents		(5 041)	(39 382)
Cash and equivalents at start of period*		4 733	44 547
Cash and equivalents at end of period**		3 514	5 165

* 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 is a diversified 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 has offices in Amsterdam, Velsen and Schiedam in the Netherlands and in Mexico. The corporate head quarter is in Bergen, Norway.

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

Note 1 - Financial statements

The condensed set of Financial Statements for Q4 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 any 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. Given Oceanteam's expertise in combining engineering, shipping and equipment, the Company is ready to add more value for our clients.

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 assessment of values more uncertain.

Note 2 - Tangible assets

GROUP Figures in USD '000

Vessels and Equipment

	Construction and Support Vessels (CSV)	Fast Support Vessels, Machinery & other	Total
Historical Cost 31 December 2015	169 356	47 217	216 573
Additions	1 760	2 597	4 357
Disposals	(1 559)	(950)	(2 509)
Historical Cost 31 December 2016	169 557	48 865	218 422
Accumulated depreciation 31 December 2015	(10 193)	(12 678)	(22 871)
Depreciation	(4 093)	(3 402)	(7 495)
Disposals depreciation	6		6
Accumulated depreciation 31 December 2016	(14 280)	(16 080)	(30 360)
Accumulated impairments 31 December 2015		(8 553)	
Impairments/reversals			
Accumulated impairments 31 December 2016		(8 553)	(8 553)
Carrying amount 31 December 2016 if CSV's were stated at historical cost	155 277	24 232	179 508
Revaluation per 31 December 2016	(34 612)		(34 612)
Total carrying amount per 31 December 2016	120 665	24 232	144 897
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 6 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	(7 294)	(1 832)	(1 358)	(1 358)	(11 842)
Tax effect					
Gross Revaluation reserve 31 December 2016	10 567	311	(14 847)	(14 847)	(18 816)
Accumulated depreciation premium values 31 December 2015	(5 916)	(633)	(1 455)	(1 455)	(9 459)
Depreciation premium values	(514)	(82)	(1 004)	(1 004)	(2 605)
Total depreciation premium values	(6 430)	(714)	(2 459)	(2 459)	(12 063)
Net revaluation reserve 31 December 2016	4 137	(403)	(17 306)	(17 306)	(30 879)
Accumulated depreciation 31.12.2016 over P&L					12 063
Total Revaluation Reserve 31 December 2016					(18 816)

Fair value measurements

Fair value measurement of vessels

The Group is conducting a quarterly fair value measurements for the Construction Support Vessels. All vessels in this category are equity accounted except for the CSV Southern Ocean 104, which is 100 percent consolidated into group numbers. The fair values are derived from both observable and unobservable inputs, which is shown at the table below. The fair values are based on calculation of future cash flows from estimated time charter rates and bareboat charter rates deducted for operating expenses. The implied charter rates are applied for the period after five years by deducting assumed operating expenditures with an applied inflation rate. The implied rates are calculated based on valuations provided by external brokers. For the first five years, the model uses observable inputs such as signed/negotiated contracts and the company best estimate. Future cash flows are calculated throughout the vessels lifetime with WACC, as discounted rate to find the net present values. The totals of net present values from ending reporting date and throughout vessels lifetime ends up in the fair values for the vessels as shown below.

Valuation processes of the Group

The Group's finance department includes a team that performs the fair value measurement process which involves assessment of the inputs used in revaluation model every quarter. Discussions and analyses quarter to quarter are held within the finance team, CFO and CEO and final result will be presented for board approval.

GROUP Figures in USD '000

Recurring Fair Value Measurements

	Southern Ocean	North Ocean 105	Bourbon Oceanteam 101	Total
Consolidation method	Subsidiary	Associate	Joint Venture	
Fair values per 31.12.15	129 276	12 381	41 562	183 219
Additions	1 760	2 135		3 895
Disposals	(1 559)	(1 350)		(2 909)
Depreciation tangible asset	(4 087)			(4 087)
Depreciation Premium vessel value	(2 009)	(82)	(514)	(2 605)
Change in revaluation-recognized in operating profit and loss	(2 716)			(2 716)
Change in revaluation-recognized in other comprehensive income		(1 832)	(7 294)	(9 126)
Fair values per 31.12.2016	120 665	11 253	33 754	165 672

GROUP Figures in USD '000

Inputs/Assumptions	Intervals in USD'000	Level 1	Level 2	Level 3
External broker values	50 000 – 95 000		x	
Utilization	65% – 95%		x	
Opex	700 – 4 800		x	
WACC	8%		x	
Annual charter rates	14 000 – 21 000		x	
Annual Implied Bareboat rates	8 800 – 12 700			x
Remaining useful life	16 – 19 years		x	
Residual value	10 000			x
Inflation	2% – 3%		x	

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

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 assessment of values more uncertain.

	Total fair values	Total fair value decreases to	In percentage	Total fair value increases to	In percentage
Fair value measurement 31.12.16	165 672				
Sensitivity to 1% change in WACC		161 329	(2,6%)	170 148	2,7%
Sensitivity to 5% change in broker valuations		162 317	(2,0%)	169 026	2,0%

The table above shows the sensitivity in revaluation model based effected by changes in Wacc of one percent and broker values of five percent

Note 3 - Intangible assets

GROUP Figures in USD '000

Q4 2016	Deferred tax	Goodwill	Customer relations	IP licences, concept etc	OTS Designs	Intangible assets
Historical cost 31 December 2015	5 250	9 300	4 400	1 005	1 228	21 183
Additions-Internally developed						
Additions - Acquired separately				84	95	180
Disposals						
Historical cost 31 December 2016	5 250	9 300	4 400	1 090	1 323	21 363
Accumulated amortisation 31 December 2015			(4 400)	(678)	(505)	(5 583)
Amortisation				(95)	(250)	(344)
Amortisation 31 December 2016				(4 400)	(773)	(5 927)
Accumulated impairments 31 December 2015	(750)	(3 700)				(4 450)
Impairments/reversals	(2 250)			(305)		(2 555)
Accumulated impairments 31 December 2016	(3 000)					(3 000)
Book value 31 December 2016	3 000	9 300		317	569	13 186

Following additional assessments of future cash flow, company concluded to make an impairment write-off in the amount of 3.7 MUSD. Therefore, the balance of goodwill as at 31 December 2015 was restated from 13.0 MUSD to 9.3 MUSD.

The company has recognised deferred tax asset loss in the amount of USD 2.3 million during 4Q 2016.

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 Q4 2016 is USD 11.2 million, of which USD 6.8 million was distributed to the Shipping Segment and USD 4.4 million to Oceanteam Solutions.

Segment information	Shipping		Oceanteam Solutions		Total	
	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015
Revenue	4 427	8 927	4 411	2 743	8 839	11 670
Net income of associates	2 342	(787)	(21)	2	2 321	(785)
Operating costs	(662)	(383)	(3 205)	(2 154)	(3 867)	(2 537)
General & administration	(2 699)	(2 306)	(1 839)	(398)	(4 537)	(2 703)
EBITDA	3 409	5 451	(654)	193	2 756	5 644
EBITDA%	50 %	67 %	(15 %)	7%	25 %	52 %
Reportable segment profit (loss) before impact of revaluation	1 647	(4 026)	(1 432)	177	216	(3 849)
Reportable segment profit (loss) after impact of revaluation	2 977	(8 070)	(1 432)	177	1 546	(7 893)
Reportable segment assets	163 581	177 901	44 594	48 803	208 175	226 703
Reportable segment liabilities	(89 300)	(106 696)	(39 561)	(26 857)	(128 861)	(133 553)

Note 5 - Revenue

Revenue comprises	Q4 2016	Q4 2015	Change in %
CSV Shipping	6 693	7 596	(12 %)
FSV Shipping	77	544	(86 %)
Solutions engineering	2 092	2 839	(26 %)
Solutions equipment handling and rental	2 298	(94)	n/a
Total revenue	11 160	10 884	3 %

Revenue from investments in joint ventures and associates are equity accounted and not included in the table above.

Segment	Major Customer	Q4 2016	Percentage of Group's revenue	Q4 2015	Percentage of Group's revenue
Shipping	Customer 1	5 742	51,5%	5 162	47%
Solutions equipment handling and rental	Customer 2	1 446	13,0%		

There were no major customers (more than 10 percent of Group revenue), as per definition of IFRS 8.34 in Solutions Engineering segment in Q4 2016 and Q4 2015.

Note 6 – 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.

	Q1	Q2	Q3-Q4	Over 1 year	Total
At 31 December 2016					
Bank/bond borrowings	308	46 324	59 301		105 933
Total loans and borrowings	308	46 324	59 301		105 933

	0 to 1 year	1 to 2 years	2 to 5 years	over 5 years	Total
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	31 December 2016	31 December 2015
CSV Southern Ocean (USD) Secured	LIBOR + margin*		54 675
Bond loan (USD) Senior Unsecured	LIBOR + margin		48 527
Oceanteam Solutions Secured			259
Borrowing costs			(2 422)
Sub total long-term debt			101 038
CSV Southern Ocean (USD) Secured	LIBOR + margin*	46 575	8 100
Bond loan (USD) Senior Unsecured	LIBOR + margin	57 103	
Oceanteam Solutions Secured		568	
Oceanteam ASA Secured		2 700	
***Borrowing costs		(1 005)	
Total short-term debt		105 933	8 100

* 50% of the LIBOR interest rate is fixed.

** 1st year installments are booked as 0 to 1 year 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.

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	2016	2015
CSV Southern Ocean (USD)	2 398	2 681
Bond loan (USD)	8 746	9 741
Oceanteam Solutions (EUR)	362	230
Other	104	67
Total interest costs	11 610	12 719

Liquidity risk, financial risk and market risk

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Management Committee, which amongst other is responsible for developing and monitoring the Group's risk management policies. In addition the company has established temporary audit committee which is monitoring the company's cash position on a weekly basis. External legal counsel advises the board and management on legal aspects and requirements.

Liquidity risk

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 upstreaming of cashflow going forward through increased profitability from its business areas.

As per quarter end, the company has \$4.8 million in outstanding trade receivables and \$6.3 in outstanding trade payables.

In January 2017, Oceanteam announced that it had reached an understanding with its bondholders on the main terms of the bondloan. The new terms include extension of maturity and and adjustment to interest rate levels and payments structure. There is no present need for new equity.

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 long-term borrowings. Borrowings issued at variable rates expose the Group to fluctuation in interests. Oceanteam has quarterly interests payments with a fixed margin on a floating libor rate.

Market risks

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 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. The capital market risk is perceived as moderate at present.

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 clients are primarily large companies with strong credit rating. The need for bank guarantee, pre-invoicing and corporate A2 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).
- Lay Vessel North Ocean 105: McDermott will exercise its option to purchase Oceanteam's 25% ownership in the vessel-owning company North Ocean 105 AS by the end of April 2017. Under McDermott's main credit facility agreement, it has announced that it is required to do so.
- 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 2017. Vessel has a 7 year time charter contract in Mexico upon delivery.
- FSV Cobos & FSV 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 Renewable and Other projects.

DOT Shipping has one large Construction Support Vessel, named Tampamachoco 1, classified as under construction, which is due for delivery early 2018. All costs concerning construction are funded by the owners and is progressing as scheduled. Among the most critical risk factors in relation to the construction of the vessel is the risk for 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 of the last period is also a risk that needs to be taken into account.

Note 7 – Tax in Q4 2016

Taxes in the income statement are estimated on the basis of the 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 utilising its deferred tax losses where applicable and with increased earnings projected for the future, the Company expects to utilise it further.

Deferred tax balance USD 3.0 million in the balance sheet includes tax losses on operations in the Netherlands. The company has recognised deferred tax asset loss in the amount of USD 2.3 million during 4Q 2016. The Company is in process of utilising this asset by increased profitability and securing the new contracts in the Oceanteam Solutions segment.

Note 8 – Restructuring cost

The company has incurred significant restructuring cost throughout 2016 to restructure its capital.

Q1	0
Q2	464
Q3	362
Q4	630
Total	1 456

Note 9 – Investment in joint ventures, associates and subsidiaries

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
Consolidation method	Joint venture	Joint venture	Associate	Joint venture	
Carrying amount of investment per 31 Dec 2015	5 873	10 671	3 018	(41)	19 521
Change in investments		(1 350)			(1 350)
Net result from investment Cum Q4 2016	8 271	2 135	339	(55)	10 690
Change in net revaluation Cum Q4 2016					
Total carrying amount 31 December 2016	14 143	11 457	3 357	(96)	28 861

The table above summarizes the investments in the Group. The following sections in this note describes the different categories of investments more thoroughly.

Revaluations for joint ventures and associates

	Investment in Oceanteam Bourbon 101 AS	Partici- pation in LV 105	DOT Shipping GROUP	Revaluation Non controlling interests	Total
Consolidation method	Joint venture	Associate			
Carrying amount of net revaluations	11 945	1 510			13 455
Change in investments					
Net result from investment Cum Q4 2016					
Change in net revaluation Cum Q4 2016	(7 808)	(1 914)			(9 722)
Total carrying amount 31 December 2016	4 137	(403)			3 733
Total Investments including revaluations	18 279	11 054	3 357	(96)	32 594

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

The following is summarised financial information for 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	
	2016	2015	2016	2015
Revenue	7 178	3 603		
Profit before tax	(988)	301	(110)	(157)
Tax				
Net result	(988)	301	(110)	(157)
Current assets	3 470	3 984	523	1 153
Non-current assets	34 547	28 021	2 149	154
Current liabilities	(5 917)	(3 651)	(1 790)	(33)
Non-current liabilities	(19 038)	(17 279)	(685)	(1 312)
Net assets	13 062	11 074	197	(38)

GROUP Figures in USD '000

	DOT Shipping Companies		Oceanteam Bourbon Spares & Equipment AS	
	2016	2015	2016	2015
Group's interest in net assets of investee at beginning of year	3 018	1 650	(41)	63
Investments		1 233		
Total comprehensive income attributable to the Group	(960)	135	(55)	(104)
Total other comprehensive income attributable to the Group				
Carrying amount of interest in investee at 31 December 2016	3 357	3 018	(95)	(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 Shipping 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 Shipping 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	
	2016	2015	2016	2015
Revenue	28 064	23 590	14 671	16 346
Profit before tax	16 543	10 449	7 751	8 147
Tax	(2)	(2)	(2)	(2)
Net result	16 541	10 447	7 749	8 145
Current assets	7 767	7 450	1 609	1 687
Non-current assets	59 133	58 261	97 713	102 748
Current liabilities	(43 909)	(7 329)	(28 012)	(1 859)
Non-current liabilities	(28)	(51 733)	(32 679)	(73 227)
Net assets	22 963	6 649	38 632	29 350

GROUP Figures in USD '000

	Oceanteam Bourbon 101 AS		North Ocean 105 AS	
	2016	2015	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)	(1 350)	(1 900)
Total comprehensive income attributable to the Group	8 271	5 111	2 135	2 235
Total other comprehensive income attributable to the Group	(7 808)	(8 621)	(1 914)	(1 197)
Carrying amount of interest in investee at 31 December 2016	18 279	17 817	11 054	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 has a material non-controlling interest.

	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.

Figures in USD '000

	Oceanteam Bourbon 4 AS	
	2016	2015
Revenue	20 152	19 395
Profit before increase (decrease) of carrying amount from revaluation of vessels	11 805	9 630
Increase (decrease) of carrying amount from revaluation of vessels	(2 716)	(15 770)
Profit after increase (decrease) of carrying amount from revaluation of assets	9 089	(6 140)
Other comprehensive income		
Total comprehensive income	9 089	(6 140)
Profit attributable to non-controlling interests	4 545	(3 070)
Current assets	6 242	5 554
Non current assets	72 533	76 598
Current liabilities	(59 019)	(8 497)
Non-current liabilities		(65 705)
Net assets	19 755	7 949
Net assets attributable to non-controlling interests	9 878	3 974

Note 10 - Restatement

In The company has concluded to recognise \$ 3.7 million impairment loss against goodwill balance of \$13 million, as at the end of 2015 reporting period within solutions engineering cash generating unit. This had brought the goodwill amount to \$9.3 million for 2015 year end reporting. As this impairment loss existed as at the end of 2015, IFRS requires us to restate the Company position for this reporting period.

The company has also completed documentation in relation to allocation of DOT group structure set up related cost (\$ 2 million) from parent companies into JVs.

These costs after being reallocated were reclassified from balance sheet into expense lines and JV partners has picked their share of the cost.

This restatement is required under IFRS, as it represents correction of an reporting error for 2015 reporting period.

The errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

Condensed consolidated statement of comprehensive income

	2015	*Profit Increase/ (Decrease)*	2015 (Restated) 2015
Net income from associates/ joint ventures	6 667	(1 299)	5 368
Total operating revenues	6 667	(1 299)	5 368
General & administration	(13 191)	(756)	(13 947)
Write off	(3 066)	(3 700)	(6 766)
Total operating expenses before increase (decrease) of carrying amount of revaluation of assets	(16 257)	(4 456)	(20 713)
Profit (loss) before increase (decrease) of carrying amount from revaluation of assets.	(9 590)	(5 755)	(15 345)
Operating profit (loss) after increase (decrease) of carrying amount from revaluation of assets.	(2 691)	(5 755)	(8 446)
Ordinary profit (loss) before taxes	(14 675)	(5 755)	(20 430)
Net result	(15 427)	(5 755)	(21 182)
Profit (loss) attributable to:			
Owners of the company	(25 693)	(5 755)	(31 448)
Non controlling interests	10 267		10 267
Profit (loss)	(15 427)	(5 755)	(21 182)
Total comprehensive income attributable to:			
Owners of the company	(28 687)	(5 755)	(34 442)
Non controlling interests	1 481		1 481
Total comprehensive income for the year	(27 206)	(5 755)	(32 961)
Basic earnings per share (in USD)	(0,52)	(0,19)	(0,72)

Condensed consolidated statement of comprehensive income

	31.12.2015	Increase / Decrease	31.12.2015 (restated)
Goodwill	13 000	(3 700)	9 300
Investment in associates and joint ventures	34 300	(1 299)	33 001
Non-current assets	47 300	(4 999)	42 301
Other receivables	14 054	(756)	13 298
Current assets	14 054	(756)	13 298
Total assets	232 459	(5 755)	226 704
Reserves	39 610	(5 755)	33 855
Total Equity	98 904	(5 755)	93 149

Note 11 - Receivables

Figures in USD '000

Trade receivables

	Due 1-30 days	Due 31-60 days	Due 61-90 days	Due > 90 days	Total
Shipping	1 081	1 752	208	163	3 205
Solutions equipment handling and rental	721	410	141	350	1 623
Total trade receivables	1 802	2 162	349	513	4 828

Other receivables

	2016	2015
Prepayments	1 440	2 533
VAT receivable	598	728
Receivables to JV's and associates	4 302	7 239
Other short term receivables	716	3 553
Other current receivables	7 055	14 054

Reclassification item above is receivables from Oceanteam ASA to joint ventures and associates.

Joint ventures and associates are equity accounted, hence the debts are eliminated on group level so the receivables in parent company are left without a balancing post on Group level. For this reason, reclassification has been done.

Note 12 - Liabilities

Figures in USD '000

Trade payables

	Due 1-30 days	Due 31-60 days	Due 61-90 days	Due > 90 days	Total
Shipping	327	243	49	1 921	2 540
Solutions equipment handling and rental	439	591	538	2 160	3 729
Total trade payables	766	834	587	4 081	6 269

Other payables

	2016	2015
Incurring interest cost	3 555	1 702
Holiday and wages due	418	485
Provisions	1 270	1 981
Preinvoicing	78	521
JV Partner balance	5 879	9 704
Other short term debt	2 983	4 458
Total other current liabilities	14 183	18 852

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

APPENDIX 1 ASSETS

OCEANTEAM 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.



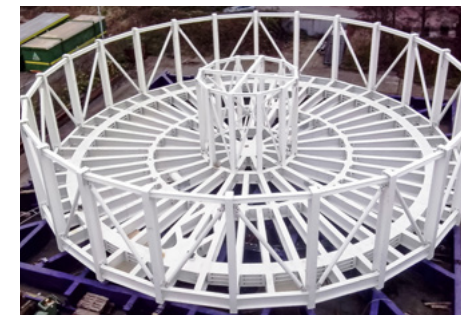
FSV MANTARRAYA / FSV TIBURON

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.



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.

APPENDIX 2 PRESS RELEASES

PRESS RELEASES

13 December 2016

OCEANTEAM SOLUTIONS WINS CONTRACT TO ENGINEER AND SUPPLY 4000T AND 2000T TURNTABLES

Oceanteam Solutions has been awarded a contract to supply 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.

Oceanteam Solutions is supplying engineering services, a professional cable handling crew and equipment for the complete project. A total of three cables will be delivered and spooled onto the two turntables. Subsequently, the cables will be spliced in Oceanteam Solutions' custom-made workshop and then spooled onto a cable laying vessel. The engineering work has already been completed and mobilisation of the equipment started this month.

"We are very pleased with this contract and our ability to support our client at such short notice. It shows our flexibility in delivering high quality engineering, custom made equipment and professional cable handling within a challenging time frame. We are looking forward to taking care of our client's future cable storage, handling and transport requirements," says Lex van Doorn Managing Director of Oceanteam Solutions.

<http://www.oceanteam.nl/newsitems/article/solutions-wins-contract-to-supply-and-engineer-4000t-and-1100t-turntables-f>

15 December 2016

FUGRO NV RETAINS CHARTER CONTRACT CSV SOUTHERN OCEAN

Last week, Fugro NV announced to no longer pursue the divestment of its subsea services business in Asia Pacific to Shelf Subsea. As a result, Fugro will retain all vessels, other equipment and personnel related to the business, including Oceanteam's CSV Southern Ocean.

This August, Fugro announced that the company had signed an agreement for the sale of its subsea services business in Asia Pacific to Shelf Subsea. However, parties were unable to reach agreement on some closing conditions and Fugro decided to no longer pursue the transaction.

Oceanteam's CSV Southern Ocean, which has been on long-term bare boat charter with Fugro TSM Australia since her delivery in 2010, will therefore not be transferred to Shelf Subsea Australia. As a result, the vessel will remain under contract by Fugro TS Marine Australia until the end of 2018 plus options for extension.

The CSV Southern Ocean is a DP2 Construction Support vessel (dynamic positioning class 2), that is characterised by her large cranes (1 x 250 and 1 x 100 tonnes fully heave compensated), 2400 m2 deck space, extensive accommodation and excellent seafaring capabilities. These characteristics enable Southern Ocean to be utilised for field support, construction, installation and IRM.

CSV Southern Ocean is owned by a joint venture between Bourbon Offshore Norway and Oceanteam.

<http://www.oceanteam.nl/newsitems/article/fugro-nv-retains-charter-contract-csv-southern-ocean>

12 January 2017

OCEANTEAM ASA REACHES UNDERSTANDING WITH BOND HOLDERS ON REFINANCING CURRENT BOND LOAN AGREEMENT

Today, Oceanteam ASA ("Oceanteam" or "Company") announced it has reached an understanding with its bond holders on the main terms of the bond loan. As part of a financial restructuring announced in October 2016, the company entered into constructive talks with its banks and its bond holders.

"We expect to need another few weeks to finalize our talks with the bond holders. This is good news for our employees, suppliers, clients, creditors and for our business partners. A final agreement will be the most critical milestone to create a strengthened financial foundation and to align Oceanteam with today's market dynamics", says Oceanteam's CFO Wilhelm Bohn. "We have reached an understanding to repay the bond in full, to extend the loan maturity and to reduce the cash interest costs enabling."

The new terms will not include any equity offering by the company's current shareholders. However, significant cash compensation due to (a.o.) CEO Mr. Haico Halbesma, also one of the company's main shareholders, will be deferred as part of the agreement. Furthermore, there is an understanding for the use of proceeds from the sale of North Ocean 105 for repayment of vendors and of secured lenders of Oceanteam as well as an understanding of a mechanism for repurchase of bond on an on-going basis.

"The progress and developments made so far and the continued support provided by the Halbesma family as main shareholders, confirms the commitment and strong belief that we have in the future success of Oceanteam. The understanding reached with the bond holders is a key step forward. It will allow the company to further develop its current market activities, to take advantage of new business opportunities, and thus to allow us to build long-term value for the benefit of all Oceanteam's stakeholders and employees", says CEO Haico Halbesma.

Oceanteam ASA will further detail its capital restructuring plan as soon as possible.

<http://www.oceanteam.nl/newsitems/article/oceanteam-asa-reaches-understanding-with-bond-holders-on-refinancing-curren>

13 January 2017

MCDERMOTT TO EXERCISE ITS OPTION TO PURCHASE PLV NORTH OCEAN 105

Oceanteam ASA ("Oceanteam" or "Company") announces that joint-venture partner McDermott will exercise its option to purchase Oceanteam's 25% ownership in the vessel-owning company North Ocean 105 AS by the end of April 2017. Under McDermott's main credit facility agreement, it has announced that it is required to do so.

As part of the understanding with its bondholders and that was announced on January 11th 2017, Oceanteam will use the proceeds for repayments of vendors and repurchase of outstanding bonds. It will realise significant capital gain on the sale of its ownership interest in this vessel.

"We move perfectly according to plan enabling to align our costs of capital employed and our amortization profile amongst others with the current market situation", says CEO Haico Halbesma. "As said in previous updates, our financial restructuring will allow us to further develop our existing market activities, to take advantage of new business opportunities, and thus to allow us to build long-term value for the benefit of all Oceanteam's stakeholders and employees".

<http://www.oceanteam.nl/newsitems/article/mcdermott-to-exercises-its-option-to-purchase-plv-north-ocean-105>

OCEANTEAM ASA
Corporate Headquarters
Tveitaråsveien 12
5232 Paradis Bergen
NORWAY

T +47 55 10 82 40
F +47 55 10 82 49
E info@oceanteam.no
WWW.OCEANTEAM.NO



OCEANTEAM