OCEANTEAM

OCEANTEAM ASA

ANNUAL REPORT 2019

CONTENT

1. KEY EVENTS AND FINANCIAL PERFORMANCE

In this report Oceanteam ASA is further referred to as "Oceanteam" or "Company"; Oceanteam Group consists of Oceanteam ASA and its subsidiaries

KEY EVENTS OVER THE YEAR 2019

Results:

- The Oceanteam Group's net profit for 2019 is USD 0.7 million versus a loss of USD 0.1 million for the year 2018.
- Both Shipping and Solutions segments of the Oceanteam Group have underperformed due to the difficult market circumstances. The loss from continuing business of USD 0.3 million is fully compensated by profit of the sale of the DOT group which led to a return to profitability in 2019.
- EBITDA for 2019 was USD 7.8 million versus USD 12.2 million in 2018.

Vessel activities:

- In a tough market where the oil and renewables majors demonstrated their ability to reset the cost environment through continued discipline, Oceanteam was able to secure charters for its fleet, resulting in utilisation of over 80 percent against competitive day rates for CSV Southern Ocean and nearly 100% for CSV Bourbon Oceanteam 101 (CSV BO 101).
- CSV Southern Ocean performed under a charter agreement with McDermott from October 2018 until June 2019 followed by a time charter with Fugro for works in Malaysia commenced in July 2019 before returning to McDermott pursuant to two charters on offshore projects off the east coast of India in November 2019 . The scope is a partial continuation of an earlier contract during 2018.
  Works on the first contract for McDermott have commenced in November 2019 whereas the second, longer term contract has started in December 2019 and works are expected to be completed in April 2020.
- CSV BO 101 remained on charter with Total in Angola for the entire year of 2019 creating an utilisation of nearly 100 percent. For the CSV BO 101, 50 percent of the net result is accounted in the Group accounts, according to the equity method for accounting subsidiaries. The contract with Total has been extended covering the first half year 2020.

Solutions activities:

- Utilisation of the Solutions existing assets was approximately 70 percent for 2019. Two existing carousels were refurbished for a cable transport project. This upgrade increases the usable fleet without any significant capex.
- Whilst a number of storage contracts were extended during the year, the Solutions division secured a new contract for supplying a cable lay spread starting May 2019 and a cable transport project in the last months of the year extending into 2020, transporting a total of 4.000t of cables in two of its carousels.
- A subsea cable storage contract from 2018 was extended securing full utilisation of the deployed equipment during 2019 and well into 2020 (long-term).

Corporate events:

- In March 2019 Oceanteam sold its share in the Diavaz – Oceanteam joint venture companies to Diavaz in an unconditional sale in line with the Company's strategy to divest non-core activities.
- In the annual general meeting (AGM) of the Company, held on 23 May 2019, the shareholders have approved to move the Company's registered address to the municipality of Bærum.
- The public investigation regarding certain related parties transactions ruled by the Norwegian courts upon request by the minority shareholders was discontinued with a verdict of the Bergen court on 4 October 2019 following a joint petition of Oceanteam's shareholders, including those who initially supported the investigation. The investigation report was presented to the shareholders on 30 March 2020. An extraordinary shareholders meeting has been held on 6 April 2020.
- Pursuant to the Continuing Obligations of Stock Exchange Listed Companies on the Oslo Stock Exchange, the market value of a company's shares shall not be lower than NOK 1. As the share price of Oceanteam's shares has structurally been trading below the required threshold, the Board of Directors has, in line with the rules of Oslo Stock Exchange, initiated a decrease of the share capital and a reverse share split to increase the share price above the threshold. On 10 September 2019 a reversed share split has been initiated resulting in a change of nominal value per share from NOK 0.50 to NOK 5.75. On 4 December 2019 the reversed share split in the ratio of 23:1 has been registered with the Norwegian Register of Business Enterprises in accordance with the resolution of the AGM. Following the reversed share split the share capital of the Company is NOK 197,448,289.75 divided into 34.338.833 ordinary shares with a nominal value of NOK 5.75 each.

KEY FINANCIAL FIGURES OF THE OCEANTEAM GROUP

Amounts in US Dollar million

From the comprehensive income	2019	2018	Variance
Operating income	18.0	25.3	(7.3)
Operating expenses	(5.9)	(7.5)	1.6
Personnel costs	(2.1)	(2.5)	0.4
General & administration expenses	(2.2)	(3.1)	0.9
Operating profit (loss)	**2.0**	**6.5**	**(4.5)**
Net finance costs	(2.0)	(5.6)	3.6
Net profit (loss) from continued operations	(0.0)	0.9	(0.9)
Tax income (expenses)	(0.3)	(0.1)	(0.2)
Profit (loss) from discontinued operations	1.0	(0.9)	1.9
Profit (loss) for the year	**0.7**	**(0.1)**	**0.8**

From the Financial Statement	**2019**	**2018**
Vessels and other non-current assets	111.2	113.5
Current assets	9.3	13.6
Cash	4.8	7.7
Total assets	**120.5**	**127.1**

Interest bearing debt	25.1	33.0
Equity	**89.4**	**88.8**
Key Figures		
EBITDA*	7.8	12.2
Current ratio*	0.3	0.36
Equity ratio*	74%	70%
Capital Expenditures*	(1.0)	(1.5)
Operating margin*	43%	48%

*See note 28 – Alternative Performance Measures

Number of shares on 31 December 2019 / 2018	34.338.833	789.793.138

2. MESSAGE FROM THE CEO

I have had the privilege of being appointed as CEO of Oceanteam, and I view my new responsibilities with both dedication and pride.
I am committed to meeting the expectations of our stakeholders by uniting the collective strengths of the Group, and forging ahead with the stabilisation process initiated in 2018 so that we may realise sustainable growth and further increase corporate value.

The past year has again proven to be challenging for both our Shipping and Solutions segment. However both segments have performed according to budgetary expectations. The commercial performance of our business activities combined with the sale of non-contributing activities and significantly reduced operational and financial costs, allowing Oceanteam ASA to reach a positive net result.

The continuous focus on costs saving programs resulted in a 23 percent reduction of operating costs, personnel costs and General & administration costs and has significantly contributed to the result. Given our strong financial position and high solvency, we believe we are well positioned to execute our strategy and not be constrained by overleverage from the past, both operationally and financially. The conversion of corporate debt into equity in 2018 increased the equity ratio to healthy levels and reduced financing costs and expenses by 64 percent.

The overall Shipping segment achieved an EBITDA of USD 7.3 million.
The reduction in EBITDA compared with 2018 (USD 10.2 million) was primarily the results of lower day rates we accepted in order to maximize utilisation. The CSV BO 101 achieved near 100 percent utilisation with only a slight price reduction from August 2019 onwards securing a continuation of the contract well into 2020. The CSV Southern Ocean, working on a project-by-project basis, achieved 80 percent utilisation (including insured off hire period) with downtime incurred in June, September and October 2019. From November 2019 onwards the CSV Southern Ocean was again chartered by McDermott for offshore works in India to continue until 2nd quarter 2020. At issue date of the report the vessel is still on hire. Although McDermott has filed for protection by the US courts, McDermott has paid its overdue charter invoices on the CSV Southern Ocean. From the utilisation of the Southern Ocean we have been able to further reduce the loan with USD 8.1 million to be continued until mid 2022.

Our Solutions business could be split in two type of activities: the rental of carousels and other ancillary equipment, and the execution of large electric power cable transport and logistic projects. Due to lower offshore wind installation work and less transport and logistics projects, the overall activity of the Solutions segment was less than previous year.
The lower activity was predominantly caused by general low activity levels throughout the offshore wind industry caused by cyclical permitting of new offshore wind farms by the respective governments. Nevertheless, given the overall state of the market and its seasonal volatility, Solutions performed according to plan and without any incidents.

The outlook for the near future remains challenging, certainly in the Shipping segment. This is now further exacerbated as a result of the COVID-19 virus and the decision by Saudi Arabia and Russia not to curtail oil production in line with falling demand but instead to bring more oil on the market and to opt for market share over price. The ultimate impact of both events on the oil industry is likely significant but also highly uncertain at the issue date of this report. The firm period (including optional extensions) of the charters for both vessels will end in the first half of the year (see backlog paragraph) which will be followed by an extensive capex program on both vessels. The CSV Southern Ocean will need to undergo its five yearly class renewal this summer. The CSV BO 101 will also undergo an extensive maintenance program during the second quarter of the year. We have decided to bring the renewal forward to be ready for a new long term contract Q3 2020 onwards.

In addition to the oil and gas industry, the offshore renewable industry remains a segment within the offshore industry that creates a lot of activity. All industry analysts predict a healthy outlook with annual growth rate in the mid to high teens for the next 20 years. At the same time, the high activity level is balanced by a concern over oversupply and limited profitability on North Sea renewable market, which is expected to be temporarily. After a year with less installation activity, the outcome for the coming years is much healthier, both for the North Sea in Asia and the US. Oceanteam is actively pursuing a dialogue with end clients and contractors to play a permanent and stronger role in this industry.

The offshore renewable industry can contribute to both segments of the Company: the Solutions segment for cable transport, storage and handling, but also Oceanteam's vessels can be used for cable installation, using the Company's carousels and expertise in this field, trenching and walk-to-work. The offshore renewable industry is rapidly growing worldwide. While Taiwan, Vietnam, China, Korea, Japan and the USA are discovering wind as a new source of energy to substitute traditional fossil fuels, Europe remains the leading region for offshore wind with new developments on the horizon; floating vs fixed farms, deeper waters, further from shore, requiring longer and larger cables and larger turbines. This all leads to the use and need of larger and heavier equipment and vessels. The demand from cable manufacturers for larger carousels of up to 7.000 tonnes offers opportunities for growth for the Solutions segment. Oceanteam trusts that it can contribute to these developments.

It is not surprising that the outlook for the Solutions business is more promising; with two large new rental contracts signed in the first quarter of 2020. One, which will have a firm three year term for cable lay projects and another rental and transport contract will take till the end of 2020 Oceanteam remains committed to invest in business development to create utilisation for its fixed assets and is constantly sourcing the market to invest into new opportunities in the offshore renewable industry without losing sight of the "traditional" business.

In summary, 2020 will be dominated by the large capex programme on hand and the ongoing negotiations regarding new contracts for our vessels and Solutions business respectively. We hope our clients will reward our commitment shown in the large investments we are making in both segments. Three-four months from now we hope to inform you that our strategic decisions have paid off and that we can communicate successful wins of new charter contracts.

I would like to thank all stakeholders and employees for their positive contributions in such a challenging environment and trust that the commitment shown will position Oceanteam for further growth in the future.

Henk van den IJssel
CEO Oceanteam ASA

3. CORPORATE IDENTITY, MISSION AND VISION

Oceanteam is a Norwegian listed subsea and offshore services company, with a head office in Lysaker, Norway and regional offices in Amsterdam and Velsen, the Netherlands. The Company is comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions.

Oceanteam Shipping currently owns 50 percent of two high-end versatile construction support vessels, the CSV Southern Ocean and CSV BO 101. The other 50 percent is owned by Oceanteam's joint venture partner Bourbon Offshore Norway AS. Bourbon Offshore Norway AS is a subsidiary of Bourbon Marine & Logistics SAS. The JV companies are not affected by the reorganisation proceedings of Bourbon Corporation SAS and continue owning, operating and managing the vessels CSV Southern Ocean and CSV BO 101 in accordance with the international standards of efficient and environmentally friendly offshore shipping.

Oceanteam Solutions is active in the transportation, storage and handling of electric power cables for the offshore wind industry since 2007, having equipment and project experience to manage projects that involve operational complexity both in the mature North Sea market as well as new emerging offshore wind markets in North America and the Far East. The company currently owns 6 carousels and ancillary equipment and has its deepwater port and offshore base in Velsen, The Netherlands. The Solutions division could be split in two type of activities: the rental of carousels and other ancillary equipment, and the execution of large electric power cable transport and logistics projects, using Oceanteam's own equipment and third-party owned equipment and transportation vessels. At this stage of the energy transition we believe we must enlarge our focus in the globally growing offshore wind industry at large, while continue to serve our clients in the subsea oil and gas segment of the offshore industry.

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

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

4. MARKET OUTLOOK

OFFSHORE INSTALLATION AND SUBSEA

Since their delivery in 2007 and 2010 respectively Oceanteam vessels CSV BO 101 and CSV Southern Ocean have been under long-term charter contracts. In 2018 the long-term contract for the CSV Southern Ocean came to an end. The CSV BO 101 is currently under long-term contract until Q2 2020. The current oversupplied market conditions are expected to worsen now for the foreseeable future as a result of the sharp downturn in oil demand (due to the coronavirus) combined with OPEC and Russia's decision to increase production and expand production capacity. These new market circumstances will put more financial pressure on the E&P space and thus on the offshore oil & gas services industry. The E&C offshore order intake is expected to be materially hit as the number of FIDs will fall. Companies financially overleveraged will find it even more difficult to survive, while better positioned companies will prioritize balance sheet strength and Free Cash Flow generation. We believe that Oceanteam belongs to the latter category because of its strong balance sheet and diverse portfolio of activities. At the same time, given our small footprint, the outcome could be quite binary pending Oceanteam winning new charter contracts for the second half of 2020.

Although the change in strategy now being pursued by Saudi Arabia and Russia came unexpectedly, we believe that the change from a (oil) price strategy to a volume and market share strategy will not be temporarily, but will dominate the world oil markets in the years to come. As OPEC+

prepares for production growth to phase out high-cost producers, we expect oil prices to remain at $ 30/bbl for the remainder of the year, with oil price reaching cash cost levels during the second quarter, and only to partially recover slowly in 2021 as markets start to balance. We also think that the banks and many investors will not throw a lifeline to the weaker companies at this stage, as ESG policies will dominate the long-term trend away from oil & gas towards renewables and the short-term outlook is bleak. Hence a major shakeout cannot be excluded, which should result in a (much) more concentrated offshore oil services industry faster than originally projected. Without such shakeout, the offshore services and drilling industry will be continue to be faced with many zombie companies, kept alive with the hope to eventually reduce outstanding bank loans and bonds over time.

Fortunately, 75% of our loans outstanding have been repaid. Hence our balance sheet is strong. In addition, both vessels are originally designed for working in the offshore oil & gas space and the offshore wind space. Through our Solutions business we have close relationships with the main offshore wind contractors and several have indicated that they need power cable lay vessels and trenching vessels for which our vessel with respect of available deck space and other must-have requirements are perfectly equipped. As mentioned earlier, we are in detailed discussion with several contractors for project-specific and long-term charter contracts both in the oil & gas space and the offshore wind renewable space for the period 2020 to 2025.

OFFSHORE WIND

The outlook for the o shore wind market for the years to come is promising as large windfarms are being developed in Europe (requiring larger and heavier cables) whilst other regions in the world are also developing their renewable energy footprint.

The global offshore market has doubled its capacity every three years since 2009 from 2 GW to 27 GW in 2019, a 10-fold increase over the last decade. Most of this was in Europe (21 GW), followed by 5 GW installed in Asia. The challenge for Europe is to have an installed capacity of 450 GWE by 2050, divided in North Seas 380 GW and the Mediterranean 70 GW. 450 GW would meet 30% of Europe's electricity demand in 2050. Annual installation rates need to increase substantially towards 7 GW to 20 GW per year.

The costs of developing, building and exploiting offshore wind parks are forecasted at a very low LCOE of Euro 50/MWh by 2030. However, excluded zones in the North Sea could increase the costs towards Euro 80/MWh. Environmental (marine) impacts demand comprehensive data about offshore species, habitats and cumulative impact environmental impact of offshore wind. Increased spatial demands and growing competition between users will increase the functionality of the sea.

The electricity grid infrastructure in Europe should anticipate major growth in both offshore and onshore. The development of this complicated infrastructure will require larger and heavier cables to facilitate system integration.

Key suppliers who achieve competitively priced offshore wind capacity are: wind turbine suppliers, installation contractors, vessel suppliers and construction ports. To enable timely investments, project developers need to know that key suppliers are investing in expected volumes to meet shorter development times. Ensuring that grid connections are in place to supply their power to customers are critical to ensure that project developers know that project revenues will provide returns at low enough risk to enable progress, often with significant debt funding.

In the field of cable handling, logistics, storage and transportation, the market is growing as fast as the rest of the offshore wind industry. The business is also changing from pure rental of carousels and ancillary equipment, cable storage and one-off cable transport contracts, to more service oriented integrated solutions. As average distance to shore is increasing customers will demand more tailored and integrated solutions on a global basis.

Oceanteam targets owners, contractors and suppliers in the offshore wind industry and develops and offers a range of services, starting from a simple rental of equipment to a complex tailored logistics service package including rental of equipment, cable transportation and cable storage and handling services with the aim to participate in the market growth and position itself as preferred offshore wind subcontractor.

5. BOARD OF DIRECTORS AND MANAGEMENT TEAM

Board of Directors

Keesjan Cordia

Chairman of the Board of Oceanteam ASA since April 2018
Year of birth: 1974, Dutch national

Current positions
Director Invaco Management B.V. and Corinvest B.V.
Board member / director Ship Finance International (NYSE)
Board member / Director Northern Drilling (OSE)
Board member Combifloat B.V.
Board member Kerrco Petroleum

Former positions

Owner/director of Sea Accommodation Resorts Limited (SeafoxGroup) B.V.

Education:
Academic degree in Business economics

Karin Govaert

Member of the Board of Oceanteam ASA since April 2018
Year of birth: 1968 Dutch national

Current position

Founder and director of Rivermaas B.V. (investor in coastal shipping segment)
Investment Manager Rotterdam Port Fund (till March 2020)

Former position
Maritime Consultant

Education
Academic degree in Economics at the Erasmus University in Rotterdam and a Master in Finance at the Tias Business School in Tilburg

Jan-Hein Jesse

Member of the Board of Oceanteam ASA since July 2018
Year of birth: 1961 Dutch national

Current positions
Owner of JOSCO Energy Finance and Strategy Consultancy,
Non-executive Director for the Dutch organization and global advisor, Centerbridge Partners, New York and London , Member of the advisory board of oneUp, Amsterdam Expert to the IEA, Paris Member of the editorial advisory board for GCARD, JP Morgan Center for Commodities, University of Colorado Denver Business School, Denver Visiting Fellow, Clingendael International Energy Programme, The Hague

Former positions:
CFO, Heerema Marine Contractors
Senior Acquisition & Divestment Manager, Royal Dutch Shell
Head of Energy Finance, ING Bank;
Commodity finance manager, Chase Manhattan Bank
Naval Engineer, Heerema Marine Contractors

Education
BSc. In civil and offshore engineering; Corporate Finance & Investment banking degree Chase Manhattan bank; MBA Nijenrode University; NewBoard Programme Nijenrode University; leadership and executive programmes at Harvard, Yale, Wharton, Insead, and Chennai

Management Team:

Henk van den IJssel,
CEO of Oceanteam ASA since 1 February 2020 succeeding Leidus Bosman, who served as CEO from 15 October 2018 until 1 February 2020

Henk Hazenoot
CFO of Oceanteam ASA since August 2018

6. REPORT OF THE BOARD OF DIRECTORS

a. CORPORATE STRUCTURE

Oceanteam ASA is the parent company of a group of companies (together the "Oceanteam Group"). These subsidiary companies are grouped under two operating segments: Oceanteam Shipping and Oceanteam Solutions. Oceanteam Shipping comprises Oceanteam's deepwater construction support vessel companies and fast support vessel companies, including incorporated joint venture companies partly owned by Oceanteam.

Oceanteam Solutions comprises of Oceanteam companies active as a service provider to the offshore renewable and oil & gas industry with the supply of rental equipment and services for the installation, transportation, storage and handling of subsea cables.

The majority of the subsidiary companies are incorporated in Norway and in the Netherlands.

b. BUSINESS ACTIVITY

The Group delivers high spec assets and unique services to the offshore renewable and oil & gas industry. Through its Oceanteam Shipping division, Oceanteam co-owns, charters and manages two high-end deep water offshore Construction Support Vessels (CSV's). Through its Oceanteam Solutions division, Oceanteam provides a complete set of high quality rental equipment (demountable carousels, tensioners and other cable handling equipment) and tailored solutions for the installation, transportation, storage and handling of subsea cables. Currently, Oceanteam is active in its traditional subsea oil & gas business as well as in the offshore renewable energy business.

c. OCEANTEAM SHIPPING

Oceanteam Shipping currently owns 50 percent of two high-end versatile construction support vessels, the CSV Southern Ocean and CSV BO 101. The other 50 percent is owned by Oceanteam's joint venture partner Bourbon Offshore Norway AS. Bourbon Offshore Norway AS is a subsidiary of Bourbon Marine & Logistics SAS, a 100 percent subsidiary of Bourbon SA. The larger of the two vessels, the CSV Southern Ocean, is controlled by Oceanteam, having 3 of the 5 board seats of the ship owning company. This company is fully consolidated. The other vessel, the CSV BO 101, is controlled by Bourbon, having 3 of the 5 board seats, and hence accounted in the Group accounts according to the equity method for accounting subsidiaries. Day-to-day ship management, crew and technical operations are outsourced to Bourbon, while all commercial charter activities are jointly conducted and accounting is performed by Oceanteam. Both companies have daily contact on all important matters. The boards meet on a regular interval basis.

Both vessels can be utilized in the offshore oil & gas industry and the offshore wind renewable industry, using carousels owned by the Solutions division of Oceanteam. Since the vessels became operational in 2007 and 2010, the CSV BO 101 has been chartered by oil companies for their Angolan deepwater oil & gas activities, and the CSV Southern Ocean has been chartered by main contractors for their offshore oil & gas projects in Australia and South Asia.

In 2019 the management team and shipping staff were able to achieve high utilization levels for both vessels against competitive market charter rates, taking into account that our partner Bourbon was in technical receivership and one of our biggest clients in financial distress. Complex contract negotiations with several logistical challenges were solved satisfactory. Although there was a risk several times that existing clients would not renew new contracts or extensions with Oceanteam for several reasons, ultimately they opted to do so because of the quality of the vessels, crew and onshore staff of both owners.

Our JV companies were not affected by the reorganisation proceedings of Bourbon Corporation SAS. As per January 2020 the full ownership of Bourbon, the parent company, has been transferred to a group of French banks. As part of this transfer of shares, those banks have converted their debt into equity. This resulted in the fact that both shareholders in the ship companies have strong balance sheets and are financially hardly leveraged. We are continuous positioning ourselves in our segment as a less risky partner.

On the charter-side, 2020 looks to be very similar as 2019. Again, management and our shipping staff are working hard to win new charter contracts for the period following the dry-docking, maintenance and repair period.

Financing of our major mandatory dry-docking, maintenance and repair capex programme for both vessels is a major challenge, especially as new work is not (yet) firm. In all our cases, the most promising new work for the second half of 2020 is with existing clients. We have ongoing talks with the bank syndicate and are well positioned to agree to a postponement of instalments on our loan facilities in order to pay for the capex together with cash and operating cash flow. After the capex has been spent, both vessels will be fully in class for the following 5 years.

Regarding DOT Shipping, Oceanteam and its Mexican partner Diavaz reached an agreement to terminate the joint venture structure set up by the two groups, established in 2014 in order to service the Mexican offshore market, in which Oceanteam held 40 percent. Oceanteam's stake has been taken over by Diavaz for USD 950.000. The divestment decision is in line with the revised strategy of the Company to divest non-core activities.

d. OCEANTEAM SOLUTIONS

Oceanteam Solutions focuses on providing a complete set of high quality equipment and services suitable for offshore cable installation, on- and offshore cable storage and cable transport in close collaboration with Oceanteam's other business unit. The division, which was established in 2007, has a long track record as a service provider to the offshore renewable industry. It has a pool of experienced staff that, combined with Oceanteam's owned equipment, vessels and engineering capabilities, has the ability to provide a complete range of Lloyd's ISO certified solutions to its clients. Multiple cable storage projects, cable handling activities and rental of equipment were ongoing and the Company's main assets are under contract or will be under contract in the first quarter 2020

e. BACKLOG

Shipping

The backlog for Oceanteam Shipping has shortened in time as the charter contract for CSV BO 101 has passed the agreed end-date of the firm term expiring in August 2019. The contract has been extended until the end of Q2 2020.

CSV Southern Ocean is under contract for McDermott in India until April 2020 with likely extensions into May 2020.

The Company is actively engaging with its current clients for renewal of the charter contracts and with new clients to win new contracts. All current clients have expressed their satisfaction regarding the quality of the vessels and crew.

There is uncertainty as to when exact actual demand will pick up the Company remains positive and believes that the long-term fundamentals of the relevant markets and regions where it operates remain strong and that it is well placed to ride the next upturn in these cyclical markets. Oceanteam is optimistic that the unique characterises of its large CSV's will place the Company in an advantageous position to re-deploy the vessels with industry leaders at reasonable day rates.

Solutions

Multiple cable storage projects, cable handling activities and rental of equipment are ongoing and the Company's main assets will remain under contract until late 2020 and onwards following several extensions under existing services and rental agreements.

It was a strategic decision in the last quarter of 2018 to keep the carousels on a lower standby rate with existing clients as opposed to demobilising and risking clients sourcing the carousels from other suppliers. Keeping the carousels with existing clients on standby rates proved to be a positive decision as all contracts were extended. The business activity in the 2nd half of the year increased and as a consequence two carousels were used to transport subsea cables to the Far East only to return mid Q1 2020. The outlook for the years to come is promising as large windfarms are being developed in Europe (requiring larger and heavier cables) whilst other regions in the world are also developing their renewable energy footprint.

f. COMMENTS RELATED TO THE FINANCIAL STATEMENTS

INCOME STATEMENT

Total operating income of the Oceanteam Group decreased to USD 18.0 million in 2019 compared to USD 25.3 million in 2018. EBITDA for 2019 is USD 7.8 million compared to USD 12.2 million in 2018. The Net Result improved from a loss of USD (0.1) million in 2018 to profit of USD 0.7 million in 2019.

Shipping segment

For transparency and completeness, the CSV BO 101 is not consolidated into the Oceanteam accounts but reported on equity basis and only 50 percent of the net result is taken into Oceanteam's revenue. Revenue from the shipping company Oceanteam Bourbon 4 AS decreased from USD 15.9 million in 2018 to USD 12.7 million in 2019. The CSV Southern Ocean had less operational days and the average day rate was substantially lower. With higher operational costs and depreciation and amortisation but lower G&A this resulted in an operating profit of USD 3.0 million in 2019 (2018 : USD 6.3 million).

The total operating income includes the net income from associates/joint ventures of USD 2.1 million in 2019, which represents the (50%) net income from the joint venture company Oceanteam Bourbon 101 AS (2018: net income of USD 1.9 million). The higher net income from the joint venture is the result of lower interest for the reporting period.

EBITDA of the whole Shipping segment was USD 7.3 million in 2019 compared to USD 10.2 million for the same period in 2018. A lower EBITDA and lower financial expenses leads to a positive Net result from continued operations of USD 1.3 million over 2019 compared to USD 0.7 million over 2018.

The Net result from discontinuing operations concerns the sale of the DOT Holding to the joint venture partner Diavaz.

Solutions segment

The revenue of Oceanteam's Solutions business for 2019 is USD 3.1 million compared to USD 7.4 million for 2018. During 2019 Oceanteam's Solutions business continued to service its existing long-term contracts and revenue represented equipment rental and cable storage income. However, no new projects were won in the first half of 2019, the cause behind the lower revenues in 2019 compared with 2018. In the second half year Oceanteam Solutions won and successfully executed a contract for rental of equipment for cable transportation to the Far East.

The operational costs of the Solutions division for the reporting period are lower compared to the same period in 2018 due to less projects executed, whereas the fixed costs related to the overall equipment base remained unaltered. EBITDA of the Solutions segment remained positive at USD 0.5 million over 2019 (2018 : USD 2.0 million). Despite the positive EBITDA, the net result from continuing operations ended with a loss of USD (1.5) million over 2019 compared to a profit of USD 0.1 million over the same period 2018.

Based on expected future results of the Solutions division the deferred tax calculation resulted in a cost of USD 0.3 million in 2019.

Operating costs

Total operating expenses include operating costs, personnel costs, general & administration expenses, depreciation & amortization, and write offs/ impairments. Total operating expenses amounted to USD 16.0 million in 2019 (2018: USD 18.7 million). The main difference between both years is the increase of operating costs in the shipping division (2019: USD 5.0 million versus 2018 USD 3.9 million) and decrease of operating costs of the Solutions division (2019: USD 0.9 million versus 2018 USD 3.6 million) due to diminished project activity.

The combined segments operating costs and general & administration expenses have been lowered from USD 13.1 million in 2018 to USD 10.2 million in 2019. The Operating costs were USD 1.6 million lower due to lower operating costs of USD 2.6 million in the Solutions division, lower project activity and higher operating costs for CSV Southern Ocean of USD 1.0 million. The increase in operating costs at the Shipping side was the result of a combination of additional mobilisation, yard costs and higher crew costs for the CSV Southern Ocean made during the idle time between Indian projects in the summer Monsoon period.

Selling, general & administration ("SG&A") costs amounted to USD 4.3 million in 2019 (2018 : USD 5.6 million). The SG&A costs decreased due to less professional services fees, less salary and management expenses and less office rent. Included in the SG&A is an amount of USD 0.6 million for the minority investigation, legal fees of USD 0.2 million for general corporate and compliance related issues and M&A costs for USD 0.2 million.

The above facts resulted in a decrease of operating profit before discontinued operations in 2019 to USD 2.0 million compared to USD 6.5 million in 2018.

In 2019 the financial expenses again have been materially lowered to USD 2.0 million versus USD 5.6 million in 2018 (- 64%). The successful bond debt conversion in 2018 into equity in Oceanteam ASA and quarterly repayment of the principal debt under the ship finance loan facilities have substantially lowered the outstanding debt of the Group and hence lowered the financial (interest) expenses.

The Group made a net profit after taxes and discontinued operations of USD 0.7 million in 2019 compared to a loss of USD (0.1) million in 2018. Excluding the discontinued operations result, the Company made a loss of USD 0.3 million compared to a profit of USD 0.8 million in 2018.

BALANCE SHEET AND CAPITAL STRUCTURE

Total assets at the end of the reporting period amounted to USD 120.5 million, compared to USD 127.1 million on 31 December 2018. Equity as a percentage of total assets was 74.2 percent per 31 December 2019, compared to 69.8 percent per 31 December 2018.

Oceanteam has diversified capital sources consisting of equity, bank and shareholders' loans. The equity (share capital of the Company) is divided into 34.338.833 shares with a nominal value of NOK 5.75 each.

The shipping division charters and manages two deep water construction support vessels, owned by two vessel owning companies, 50 percent of the shares of which are owned by Oceanteam. The shipping company

Oceanteam Bourbon 4 AS for the CSV Southern Ocean has been fully consolidated. With respect to the shipping company Oceanteam Bourbon 101 AS for the CSV BO 101, this company is consolidated according to the equity method. Together with Oceanteam Solutions' equipment, the non-current assets, property, plant and equipment were USD 109.7 million on 31 December 2019 (31 December 2018 USD 112.2 million).

There is a credit and guarantee facility with the joint venture entities Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS as borrowers and SpareBank1 SMN, DVB Bank SE Nordic Branch and NIBC Bank N.V. as lenders (" Southern Ocean and BO 101 Facility"). Southern Ocean and BO 101 Facility is only partly consolidated into the Group's accounts, as Oceanteam Bourbon 4 AS is classified as a subsidiary (consolidated) whilst Oceanteam Bourbon 101 AS is classified as an associated company (not consolidated). As of 31 December 2019 the balance of the Southern Ocean and BO 101 Facility which is consolidated in the Group's Financial Statements was USD 22.3 million (2018:USD 30.4 million).

As Oceanteam's joint venture partner Bourbon Offshore Norway AS was non-compliant with the covenants under its financing arrangements in 2019, which has led to cross default under the Southern Ocean and BO 101 Facility, therefore the full loan is represented as short term liability.

The final repayment date of the Southern Ocean and BO 101 Facility is July 2022. Pursuant to a waiver letter dated January 2020, the lenders under the Southern Ocean and BO 101 Facility have accepted deferral of the repayment instalments starting January 2020 until the earlier of a) 90 days after the Vessels are employed on any contract and 31 December 2020.

Further, the Company is a borrower under two secured shareholder loans with an aggregate amount of USD 3.0 million on 31 December 2019. These two loans were provided for general corporate purposes, of which the maturity is extended to 2021. The interest on the shareholder loans is not due till October 2020.

VESSELS AND EQUIPMENT, INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The net book value of vessels and equipment was USD 92.7 million on 31 December 2019 (2018: USD 97.4 million). This represents the CSV Southern Ocean and offshore wind Solutions assets. The historical cost of the CSV Southern Ocean, which is fully consolidated on the balance sheet, was USD 171.1 million on 31 December 2019. In 2019, ship related capex was USD 0.3 million, invested into the CSV Southern Ocean and USD 0.7 million invested in Solutions equipment. The carrying amount of the vessel (net book value after depreciations and impairments) was USD 77.5 million (2018: 81.7 million). The historical cost of Equipment and Fast Support Vessels was USD 50.4 million on 31 December 2019. The carrying amount as per that date was USD 15.2 million, only representing the offshore wind Solutions equipment.

The Investment in associates and joint ventures was USD 17.0 million on 31 December 2019 (2018: USD 14.9 million). This is the investment in Oceanteam Bourbon 101 AS, the company being consolidated according to the equity method. The net book value of the CSV BO 101 was USD 47.0 million on 31 December 2019 (2018: USD 51.0 million).

The Total Non-current Assets - property, plant and equipment of USD 109.7 million represents 91 percent of the total assets. In aggregate the net book value of both vessels was (on a 100 percent basis) USD 124.5 million. For clarity, only the CSV Southern Ocean of the two vessels is accounted for as fixed asset on the balance sheet.

The latest fair market value has been estimated by two independent surveyors in the first quarter of 2020. The average value of the CSV Southern Ocean was USD 86.1 million. For the CSV BO 101, this was USD 61.6 million.

SHARE CAPITAL AND EQUITY

On 10 September 2019 the extraordinary general meeting of shareholders approved a capital reduction and a reversed share split as a result of which the nominal value of the shares increased from NOK 0.50 to NOK 5.75 per share. On 31 December 2019 the total capital of the Company was NOK 197.448.289,75 divided into 34.338.833 shares with a nominal value of NOK 5.75 per share.

The Non-controlling interests (related to the Oceanteam Bourbon 4 AS ship company owning the CSV Southern Ocean over which Oceanteam has significant control) increased to USD 29.5 million compared to USD 28.9 million by year-end 2018. Total equity increased from USD 88.8 million in 2018 to USD 89.4 million by year-end 2019, representing 74.2 percent of total equity and liabilities.

As part of the security under the Southern Ocean and BO 101 Facility, the Lenders have, amongst others, a first priority mortgage on both CSV vessels. Additionally there are corporate guarantees provided to the Lenders by the three Joint Venture partners. The cash amount at the ship company level was USD 3.3 million on 31 December 2019. This amount cannot be paid out to the shareholders without consent of the lenders and will be released, subject to conditions, for the CAPEX/ dry docking of the vessels in 2020.

CASH FLOW AND LIQUIDITY

During 2019 the Group's overall cash position decreased from USD 7.7 million to USD 4.8 million. USD 3.5 million of this amount is held by Oceanteam Bourbon 4 AS and is not freely available to either Oceanteam or Bourbon and is accumulated as a reserve for future repayment of debt under the Southern Ocean and BO 101 Facility.

Net cash flow from operating activities amounted to USD 5.3 million in 2019 compared to USD 4.0 million in 2018. Besides one-off elements as a result of the financial restructuring, the biggest changes in net cash flow from operating activities were in depreciation and amortization of tangible assets and working capital movements. Net cash flow from investing activities was negative with USD 0.5 million in 2019. Those investments were made in the upgrade of CSV Southern Ocean and the Solutions equipment.

INVESTMENTS

During 2019, investments were made for USD 1.0 million. USD 0.3 million was invested in CSV Southern Ocean and USD 0.7 million in equipment of the Solutions division.

g. GOING CONCERN

In accordance with the Accounting Act § 3-3a Oceanteam ASA confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2020 – 2021 and the Group's long-term strategic forecasts. The market has been experiencing a downturn which has had a direct impact on the performance and liquidity of the Group. The Directors have considered all available information about the future when concluding whether the Company is a going concern at the date they approve the financial statements. The review covers a period of at least twelve months from the date of approval of annual report.

The revenue in cash flow forecast is based on the management fees from the shipping entities and the contractual revenue form the Solutions division. The outgoing cash flow represent vendor payments for the Solutions division and the SG&A for the Oslo and Amsterdam office. A substantial outflow is for VAT payments for previous years. A deficit in cash for the period May and June will be managed by a delay in payment until October 2020 for the interest payment on the shareholder loans. The Company has applied for a credit facility with the Rabobank to finance the mobilisation costs of the Swan Hunter/Global Marine project and a project with a major cable manufacturer within the Solutions division.

Both the CSV BO 101 and the CSV Southern Ocean have to be in dry dock during mid 2020 in order to be class free for at least two years. Capex budgets have been approved by the banks. Cash flow forecasts imply that deferral of repayment instalments is necessary to secure that both vessels remain in class and fully operational for future contracts.

Detailed disclosure note on future cash flows period of 12 months (from 1 April 2020 until 30 April 2021) with underlying key assumptions are available in the annual report 2019 within Financial Statement disclosure Note 3. There is inherited risk in cash flow estimates for Company ability to secure new contracts within its business segments. However, the Company has plans to mitigate the constraint through various actions. Reference is made to the disclosures for detailed information about various risks in the annual report 2019 and how the Company is mitigate these.

Revenue streams from the contracts within the Shipping segment running for 6 months for the CSV BO101 and 4 months for the CSV Southern Ocean after balance sheet date are highly predictable. The financing of these vessels is similarly stable and secured by a long term contract coverage. The main risks related to the Shipping segment relate to securing contract coverage for the vessels in 2020 and onwards. While the CSV BO 101 is contracted until Q2 2020, the CSV Southern Ocean is on contract with McDermott until April 2020. The net result for the second half of 2020 could therefore be negatively impacted.

The Solutions segment has experienced pricing pressure as volumes dropped across the segment; the Company's focus is on utilisation above pricing and coverage of costs. With the expected growth in offshore renewable energy, improvement on volume and pricing is expected as well.

h. RISKS

Based on the Group's activities and strategic objectives the Company has identified the main risks associated with its activities and strategy. The Group is exposed to technical, economical, commercial, operational and political (TECOP) risks, including financial, liquidity, and health, safety and environmental risks. Those risk factors may positively or adversely affect Oceanteam in the future. Please note that the risks below are not the only risks that may affect Oceanteam's business or the value of the shares. Additional risks not presently known to the Board of Directors or considered immaterial may also effect its business operations and projects. Development of the business and changes in market conditions can also lead to new risk areas that previously were not applicable. If any of the risks described below materialise, individually or together with other circumstances, they may have a material adverse effect on the Group's business, financial condition, results of operations and cash flow and or prospects. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

The appetite for risks is extensively discussed and tested for every major individual event, such as entering into a contract, making an acquisition or divestment, deciding to make an (capex) investment, or hiring new management.

All teams in Oceanteam must identify and evaluate the risks to the achievement of any project and charter contract objectives, set boundaries for risk acceptance, and apply fit-for-purpose responses. Teams must actively manage their project and charter contract risks and accurately inform decision authorities and Management of the Group. Risk management is primarily about adopting a structured way of working that ensures risks are identified, understood, agreed, communicated and acted upon in a timely and consistent manner. An unambiguous organizational framework is a pre-requisite. Risk management is an integrated part of, and is actively used to support the decision making process.

The Company has two explicit “zero tolerance” criteria:

1) In relation to HSE: Oceanteam has zero tolerance for harm to people or for damage to the environment or to its assets in the execution of its activities.

2) In relation to Compliance: Oceanteam has zero tolerance for non-compliance with the Oceanteam’s Code of Ethics and any related applicable laws and regulations.

Oceanteam is not prepared to assume excessive commercial risk in turnkey type of offshore contracting risk in its Shipping segment as it cannot absorb such risks financially or manage those operationally. In the Solutions segment, the Group is willing to consider such risk to a certain extent as long the amounts involved are acceptable and within limits of the Company’s financial position and capabilities. Oceanteam has limited appetite to engage with joint venture parties and vendors which relate unsatisfactory on Company’s set criteria. As an investment platform, Oceanteam will only do major acquisitions subject to shareholders’ consent as part of raising financing for such acquisition or issuing (new) shares.

Risk breakdown structures are excellent tools for both risk identification as well classifying, evaluating and managing risks to assist with managing sub sections of the risk register. Active risk management must help in achieving the Companies’ strategic goals and objectives. The most commonly used project risk breakdown structure in Oceanteam is TECOP.

TECHNICAL RISKS

The Company is active in the offshore oil and gas services and offshore wind business. It owns large construction support vessels and heavy equipment. These assets are employed worldwide, including in deep water and hostile environments. The assets suffer from wear and tear and require regular maintenance and planned and unplanned repair. Oceanteam enters into contracts with its customers where Oceanteam is accepting certain project execution risks in line with industry practice. Such construction risks are generally limited in nature and absorbed by the customer and or his end-client.

Key subsections of Technical Risks are Health, Safety, Environmental and Security risks, Integrity risks (of vessels, equipment and systems), Availability risks, Operability risks, Technology risks, and Maintenance risks. Together with Bourbon, Oceanteam maintains high standards for our assets and invest in our assets to minimize technical risks. Oceanteam only accepts industry standard and limited project-related risks where it believes it can manage and absorb such risk adequately or can transfer this risk to third parties.

Bourbon and Oceanteam cannot exclude the risk of crew members and other visitors to the vessels are or will become effected by the coronavirus. Bourbon, the clients and contractors and Oceanteam have developed and implemented a full set of pre-cautionary measures to manage this risk adequately. Health and safety of the crew, as well as visitors and contractors maintains our first goal at all times. As far as known at the date of issuing this report, there is no person with the coronavirus identified on either vessel.

Oceanteam is committed to pioneering new technologies that improves the safety and the efficiency of the operations and has a risk appetite to explore with its customers on better ways to design and execute its subsea and solutions activities. Oceanteam sees advantages of utilising digital technologies and is supportive to make investments in such technologies in cooperation with its customers. The Group devotes considerable resources to ensure its assets are performing safely and to high quality standards. Oceanteam promotes adequate day rates to allow making such investments. Control and maintenance of all equipment are vital to daily activities on board and at the sites. Fleet and equipment performance is continuously measured.

COMMERCIAL RISKS

The Group is exposed to market fluctuations which may result in lower utilisation and reduced charter or rental rates for future contracts (existing charter or rental contracts are firm) and thus earnings for the Group’s vessels, equipment and services. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the vessels and for the main portion of the carousels in the Oceanteam Solutions business.

Oceanteam is currently active in two streams of businesses, the subsea business, where it charters two large, versatile construction support vessels, and in the offshore wind business through its Solutions division. Due to the high investments in assets involved, the portfolio is biased towards shipping. Future acquisitions might rebalance this to a certain extent financially and commercially. In any case, Oceanteam is committed to play its role in both the oil and gas services market as well as the offshore renewable market. Through this portfolio, Oceanteam will contribute to the energy transition and offer its capabilities to make such transition to happen. Moreover, the vessels are also well equipped to work in the offshore wind industry.

Risks in this sub-category could be grouped along Market and competition, Contracting and procurement, Financing (Credit) and Liquidity, Business controls, Legal, Terms and conditions, and Liabilities and Compliance.

In the Shipping segment, Oceanteam generally performs its business activities under a bareboat charter or a time charter as a sub-contractor to the main contractor who has a need for our vessel or equipment, or a hybrid form, co-mingling the two main types of contracts. In the Solutions segment Oceanteam enters in a variety of contract structures, from lump-sum fixed price contracts to rental contracts, cost-plus contracts and performance-driven type of contracts. In both segments, Oceanteam is working under long-term contracts and short-term and spot market contracts. In the shipping segment, Oceanteam pursues long-term charter contracts.

Market risk includes consequences of the cyclical nature of the industry in which Oceanteam is involved. The oil price is a significant driver for the offshore construction market, and thus for the demand for Construction Support Vessels. Policy measures set by governments and the pace of awarding and developing offshore wind parks significantly drive the demand for the equipment and services of Oceanteam Solutions. At times of high demand and positive outlooks, investors might become overly enthusiastic in setting their assumptions, which might result in ordering new vessels and equipment, which might result in oversupply and under-utilisation of assets in down-turn periods of the business cycle, and thus affect Oceanteam's operations and financial performance. Customers of Oceanteam might force the Group to accept more or new type of risks, which could increase the overall risk profile of the Group, or cause regret costs of losing projects and new work to the competition.

Today, Oceanteam Shipping – as is the whole offshore oil- and gas services and marine contracting industry - is still experiencing tough market conditions of industry oversupply, under-utilisation of assets and price pressure. It is expected that the rise of activity that is currently seen will continue to improve. This will first result in more charters and contracts been awarded and thus in higher utilization levels, and subsequently followed by higher day rates when markets become tighter due to rising demand.

Oceanteam foresees entry barriers to increase and further consolidation of the industry, especially in the high-premium subsea markets in which it is active.

Oceanteam Solutions sees more work for many years to come. Oceanteam foresees a change in size, scope and contract structure of the business it is pursuing, and a further globalisation and standardisation of the business. In Oceanteam's view, this will drive industry consolidation, increase entry barriers, demand further professionalization, and change the overall risk profile. Oceanteam has the ambition to become a leading player in the offshore wind solutions business, serving its customers in an optimum way. Oceanteam sees the risk of its customers forward or backward integrating into Oceanteam Solutions' business as one of most important risk, potentially impacting the pace of growth the Group is pursuing. With the rapid growth of the offshore wind markets outside Western Europe, we expect offshore wind contractors to expand outside their home market.

FINANCIAL RISKS

The Company is exposed to financial risk in different areas. Financial risks include interest rate and currency fluctuations and investment, credit and liquidity risks in general. The investment risk also relates to the counter party risk in relation to Oceanteam's Joint Ventures.

On 31 December 2019, the Group was not in compliance with all financial covenants under the Southern Ocean and BO 101 Facility. As Oceanteam's joint venture partner Bourbon Offshore Norway AS was non-compliant with the covenants under its financing arrangements in 2019, which has led to cross default under the Southern Ocean and BO 101 Facility, therefore the full loan is represented as short term liability. Regarding the BO 101 the company is in breach regarding the minimum cash requirement. The shareholder loans are secured.

Access to multiple sources of debt and equity funding is necessary in order to entertain inorganic growth of the Investment Platform. After the successful restructuring in 2018, the Company maintains an adequate capital structure that fits well with the current reality of the business: both financial leverage and operational leverage are in good standing and provide a good base for the transformation of the Company into an offshore investment platform. At the same time, with asset values higher than book values and debt levels, the financial position of the Group is robust to withstand further headwinds might this occur.

An increase (decrease) in the interest level with 100 basepoints will give an effect of USD 0.3 million on the balance of loans and borrowings per 31 December 2019. The interest rates are also linked to the development of LIBOR margins.

The Company has sales revenues and liabilities in foreign currencies and is exposed to currency risks: 80 percent of the revenue is in USD in 2019, while the remaining 20 percent is in EUR. Since the functional currency is in USD the foreign exposure is for liabilities in the EUR and its fluctuations with USD. Some of the local costs for Oceanteam are in NOK which also has been favourable during 2019 due to foreign exchange fluctuations. The overall strategy to reduce currency risk is largely based on natural hedging with incoming and outgoing cash flows been made in the same currency.

Today's Group's customers are primarily large companies with high credit rating. Credit risk is the risk of financial loss to the Group if a customer or other counterpart to a financial instrument or invoice fails to meet its contractual obligations and such loss would arise principally from the Group's trade receivables and its customers. At year-end, trade receivables from the Shipping segment represented 81 percent of the Group's total trade receivables. These receivables were all related to the business conducted by the two Construction Support Vessels. The two Construction Support Vessels are chartered by Total and McDermott. Total has a good payment record but McDermott has not. McDermott has filed for Chapter 11 in January 2020. The payments for contracting the vessel are paid through the contracting party BOMMI, an Indian subsidiary of Bourbon. All outstanding receivables of 2019 have been paid in the first quarter of 2019 Payment for hire will be paid after 60 to 90 days. Geographically the CSV assets are currently located in Africa (Angola) and South Asia (India).

During the tendering and contract negotiations phase and dependent on the status of the charterer, Oceanteam always requests security over the receivables of the charter party; such as a parent gcompany guarantee, bank guarantee, payment in advance or lien on assets of the charterer. Unfortunately, as a result of current market circumstances, the charterer is not always willing to provide such guarantee.

Bourbon informed Oceanteam in February 2020 that the company was in default because of a breach of covenants under its corporate financing arrangements. This triggered a cross-default for the Group's joint venture companies, where in compliance with IFRS standards Oceanteam Group had to reclassify its debt repayments in relation to the debt under the Southern Ocean and BO 101 Facility as a short-term liability in its balance sheet. Since 1 January 2020, a group of major French banks, who had large loans outstanding to Bourbon, decided to convert the loans in equity in return for all the shares in all the divisions of Bourbon and hence took over the ownership and control of the company.

With the sale of the joint venture companies to Diavaz in the first quarter of 2019, and the Venezuelan activities and assets impaired and provided for, the credit risk in relation to the Venezuelan and Mexican business is zero. After the sale of the joint venture companies with Diavaz at the end of March 2019, Oceanteam Mexico SA de CV still owns two Fast Support Vessels (FSV), Tiburon II and Mantarraya II, on a long- term bareboat charter to a charterer and laid up in Venezuela. In 2017 Oceanteam unsuccessfully attempted to regain possession of the vessels through legal proceedings. No attempts to regain the vessels has been initiated in 2019. Due to the uncertain political situation and the unreliability of the judicial process the total value of the assets was written off. Oceanteam's management is considering all options for recovery of the vessels. In the annual results all financial risks have been impaired and provisions taken.

At year-end, trade receivables from the Solutions segment represented 19 percent of the Group's total trade receivables. The exposure to credit risk depends on the individual characteristics of each customer. Before projects are in tendering phase and awarded, the Group performs full credit assessments on its existing and future customers. Geographically the credit risk for the Solutions segment can be divided into activities in European countries and with an approximate number of ten customers. Customers within the Solutions segment are in the oil and gas and the renewable offshore industry. For the Solutions segment, the majority of outstanding trade receivables per year end of USD 0.5 million have already been received in 2020.

The Group's bad debts allowance is determined based on an individual assessment of the collectability of each receivable. The need for bank guarantees, parent company guarantees and pre-payments are considered on individual basis project by project. Currently no provisions have been made.

Firm shipping revenues and earnings stream from the CSV contracts are running into April for the CSV Southern Ocean after signing a contract with McDermott with possible extensions and CSV BO 101 in the second quarter of 2020 respectively. During that period, income is highly predictable. All risks related to the Shipping segment relates to renewing of contracts when these expire; Oceanteam and Bourbon have submitted several tender proposals to current and new customers and are actively in discussion with prospective customers.

CREDIT RISK

The Group has sales revenues and liabilities in foreign currencies and is exposed to currency risks. 85 percent of the revenue is in USD, 14 percent is in EUR and the remaining 1 percent is in GBP. Since the functional currency is in USD, the foreign currency exposure is for liabilities in EUR and its fluctuations with USD. Some of the local costs for Oceanteam are in NOK which also have been favourable during 2019 due to foreign exchange fluctuations.

The Group's customers and partners are preferably and primarily large companies with high credit rating. Credit risk is the risk of financial loss to the Group if a customer or other counterpart to a financial instrument or invoice fails to meet its contractual obligations and such loss would arise principally from the Group's trade receivables and its clients and customers.

Shipping segment

At year-end, trade receivables from the Shipping segment represented 81 percent of the Group's total trade receivables. Currently, there are two main clients Total and McDermott. Total has a good payment history but McDermott is facing financial difficulties. The payments for contracting the vessel are paid through the contracting party BOMMI, an Indian subsidiary of Bourbon. All outstanding receivables of 2019 have been paid in the first quarter of 2019.

Geographically the CSV assets are currently located in Africa (Angola) and South Asia (India). All outstanding trade receivables for the shipping segment of approximately USD 1.7 million will be received in the first quarter of 2020. No allowance for expected credit losses is considered necessary.

For the FSV assets the geographical risk was concentrated in Mexico and Venezuela. Credit risk for the joint venture group DOT was concentrated in Mexico (Diavaz) and Singapore through the joint venture of DOT Holdings AS with Pacific Radiance. This risk has been eliminated in March 2019 by the sale of the minority share in the DOT Group.

Solutions segment

At year-end, trade receivables from the Solutions segment represented 19 percent of the Group's total trade receivables. The exposure to credit risk depends on the individual characteristics of each customer. Before projects are in tendering phase and awarded, the Group performs full credit assessments on its existing and future clients. Geographically the credit risk for the Solutions segment can be divided into activities in European countries and with an approximate number of 10 clients. Clients within the Solutions segment are in the oil and gas and the offshore wind industry. In the Solutions segment, the majority of outstanding trade receivables per year end have already been received in 2020. No allowance for expected credit losses is considered necessary.

Oceanteam

The Group's allowance for expected credit losses is determined based on lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, Oceanteam measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The need for bank guarantees, parent company guarantees and pre-payments are considered on individual basis project by project.

LIQUIDITY RISK

Liquidity risk relates to the ability to meet financial obligations as they fall due. The Oil and Gas industry has continued to experience a downturn, which has inherently increased the liquidity risk. Oceanteam's response has been to continue cost saving programs and delay capital investments.

In case of increased pressure on liquidity due to market circumstances, waivers have been agreed in which repayment of both Shareholder Loans can be suspended to a later period. Both Lenders are prepared to extend the maturity of their loans.

Oceanteam has financial obligations due to both, credit institutions and to vendors. The financial obligations to credit institutions are limited in number and in size. At the end of 2019, the balance of secured bank debt is USD 22.3 million and the balance of secured short term loans is USD 3.1 million. There is USD 5.4 million of trade and other payables.

The Company is currently investigating the possibilities of placing a credit facility to cover the short term operation needs and work capital fluctuations in its Solutions segment.

Obligations to vendors are mostly smaller in size and across a larger number of vendors. These obligations are managed in similar fashion as those to credit institutions with individual agreements. In as much as there is liquidity risk in the JVs with Bourbon, the risk is primarily that disbursements out of shipping companies are blocked except for management fees. In the JVs with Diavaz, the risks have been eliminated by the divestment in March 2019.

The liquidity risk can be divided into short term, medium term and long term risks. The short term risks relate to certain specific small vendors requiring immediate repayment compared to incoming cash flows. This risk is managed through the incoming cash flow which the Group has from the Shipping division and the Solutions division.

The medium term risks relate to aggregation of smaller vendors as mentioned but with greater focus on Solutions performance. Due to increased solutions activity cash flow fluctuation in medium term should remain covered by the cash flow of the on performance of contracts in the Solutions segment. This medium risk has been managed by having contracts for a longer period in the Solutions division. Long term risks related to the repayment of loan instalments has been managed by requesting deferral of the repayment of instalments on the basis of unemployment of the vessels.

The operations of the Mexican office have been closed. Both the Tiburon II and Mantarraya II are laid up in Venezuela and subject to charges due to vendor claims.

Shipping revenue and earnings stream are from the main CSV contracts. All risks related to Shipping division relates to renewing of contracts when these expire. Historically, even in poor market conditions Oceanteam and Bourbon have been able to find employment for Oceanteam's main assets.

CSV Southern Ocean is under contract with J.Ray McDermott S.A. until mid Q2 2020 with possible extensions.

CSV BO 101 is under contract with Total E&P Angola S.A., until end Q2 2020.

Oceanteam and Bourbon are holding ongoing discussions with various parties to ensure the vessels remain fully utilised after these dates.

Within the JVs Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS, as at 31 December 2019, there was combined cash of USD 4.5 million which may be considered partially restricted; and there is combined loan debt of USD 40.4 million of which USD 22.3 million is consolidated into Group reported numbers.

MARKET RISK

Market risk includes risk due to fluctuations in oil prices, political, economic risk and other uncertainties, increased competition and risk of war, other armed conflicts and terrorist attacks. The oil price is a significant driver for the offshore construction market, and thus for the demand for Construction Support Vessels. The deteriorated financial climate has an impact on projects in both the oil and gas and renewable energy industries. Such factors may make it more difficult to obtain attractive contracts for the Construction Support Vessels. Also, the demand for Oceanteam Solutions' services may be affected by economic climate and global supply chain trends.

ORGANISATIONAL RISKS

Key subsections of Organizational Risks are risks related to the Corporate structure, Resources, Competencies, Procedures, Project Controls, Knowledge management, Systems and IT, -Interfaces, Reporting, Partners and Governance.

Oceanteam has gone through a major restructuring during the last two years. The Management and the Board of Directors have initiated a series of initiatives to improve the organization, including its procedures, systems, resources, controls and reporting. Improving the internal organisation is an on-going process. For 2020, further focus will be put on resources, competencies, and project and risk management controls. The Group is committed to continuously improve its organisational capabilities, processes and systems.

The Group's risk management and internal control are based on principles in the Norwegian Code of Practise for Corporate Governance. The Board of Directors' view is that continuous improvement of the Group's operations in a systemic manner is a necessity in order to manage risks and realise opportunities to ensure efficient and effective operations in line with stakeholders' expectations.

The Group has established routines for weekly, monthly and quarterly reporting regarding commercial, operations, liquidity, financing, investments, HSE, HR, and legal performance. As part of the monthly reporting, Management presents detailed budgets and forecast on a 12 month rolling-basis, and up to final maturity date of the outstanding loans. The Board of Directors considers the Group's reporting procedures to be satisfactory and in compliance with the requirements on risk management and internal control, but has initiated a programme to further improve the reporting in 2020. With respect to technical and operational performance reporting, Oceanteam is dependent on the timing and quality of such reports by Bourbon.

POLITICAL RISKS

Key subsections of political risks are risks related to government, stakeholders, regulations, compliance, reputation, export controls, local requirements, community and license to operate.
The Group has the ambition to be an incident free organisation, onshore and offshore. The Group strives to improve safety and environmental performance across all worksites, globally.

Oceanteam's activities are carried out in compliance with laws and regulations valid in the relevant territory, including international protocols and conventions, which apply to the specific segments of operation. Changes to such regulatory frameworks, if not properly identified and implemented, may expose the Company to fines, sanctions or penalties. Compliance is enforced across both segments within the Group. Oceanteam's vessels have a proven track-record in working in Australia, Angola, India and Brazil; all countries with specific local requirements with respect to crewing, organizational structures and matters, local content and permits.

Oceanteam ASA has 50 percent ownership in two legal entities owning two CSV vessels which are employed globally. Currently, the CSV Southern Ocean is working in the waters of India and the CSV BO 101 is working in Angolan waters. Day- to-day operations of both vessels are currently conducted by Bourbon. Contract parties are the joint venture ship owning companies.

i. EVENTS AFTER THE BALANCE SHEET DATE

On 1 February 2020 Mr. Henk van den IJssel succeeded Mr. Leidus Bosman as CEO of Oceanteam ASA.

Since 2018 Oceanteam is subject to public investigation initiated by the Norwegian courts upon request of minority shareholders covering the period 2013 -2017. The investigation entails the verification of several related party transactions in the mentioned period and if minority shareholder interests have not been impeded.

In accordance with the resolution of the annual general meeting of Oceanteam held on 23 May 2019 to file a petition for stopping the ongoing public investigation of certain transactions between the Company and its management, the Bergen District Court has ruled on 4 October 2019 that the public investigation shall stop and the report of the investigator is to be submitted to the court in accordance with the rules of section 5-28 of the Public Limited Liability Companies Act for convening of a general meeting to deal with the report. The investigation report will be presented on 30 March 2020 to the shareholders. An extraordinary shareholders meeting was held on 6 April 2020.

Oceanteam has made substantial payments as security for the investigator's costs. The total pre-paid security from the first quarter 2018 to the end of 2019 was NOK 9 million. The final costs for the investigation presented by the investigator and awarded by the Bergen court were NOK 13,738,438. Oceanteam appealed the court decision and is, per the date of this report, awaiting ruling on the appeal.

In relation to the situation of our partner and co-shareholder in the shipping companies Bourbon, we kindly refer to their webpage (www.bourboncorporation.com) and specifically to their press release of 11 February 2020. In Q4 2019 all of the assets and activities of Bourbon Corporation were sold to Societé Phocéenne de Participations (SPP), which became the new shareholder of Bourbon Maritime and owner of the BOURBON brands.
The direct co-shareholder in our joint venture companies is Bourbon Offshore Norway AS which is currently not affected by the corporate restructuring in the Bourbon group.

Oceanteam is actively pursuing new work for its vessels for the period after expiry of their current contracts, supported by its partner Bourbon. With respect to the CSV BO 101, the current firm charter contract with Total has been extended until Q2 2020. Preference is given to long-term charter contracts with preferred partner clients.

Oceanteam Solutions has entered into a three-year agreement for rental of its 4.000t carousel for the ultimate client Global Marine Group. The client has the option to extend this agreement with a total of five years. The project started early March 2020.

Oceanteam Solutions has been rewarded a contract for providing a major cable manufacturer with a barge equipped with a cable transport and storage spread including a 2.000t carousel for 12 month firm plus options.

Coronavirus (COVID-19)

Coronavirus (COVID-19) disease has spread globally since 2019 resulting in the coronavirus pandemic. While the majority of cases result in mild symptoms, some progress to pneumonia and multi-organ failure. Standard recommendations to prevent infection spread include regular hand washing and to avoid close contact. Many countries have now advised against or prohibit travel and advise to work from home to prevent spreading.

Oceanteam is, like almost all businesses, affected by the coronavirus pandemic. Almost all Oceanteam employees have been working from home since the outbreak of the coronavirus. This has had little to no impact on Oceanteam's operations as digital interaction tools and remote access to our server system were already in place.

Oceanteam's vessels have been and continue to be offshore and therefore have so far not been impacted by the outbreak. Any impact to the Q1 2020 performance of the group, as a result of the outbreak, has been negligible.

Oceanteam could, in the opinion of the Board be affected by delays at ports due to quarantine. Our customers could also be impacted which could affect payment of receivables resulting in liquidity issues.

At the time of preparation of the annual accounts, it is not yet possible to make a reliable estimate of the consequences this outbreak will have on the Group's financial position.

How the outbreak will affect the assumption of going concern will depend on how long the situation will last, what measures the authorities will take, and how the aforementioned risks will actually affect the Group. However, based on the situation and the information that is available at the present time, the Board of Directors considers it reasonable to use the assumption of going concern in the preparation of the annual accounts.

j. SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

Shares in Oceanteam ASA are publicly traded at the Oslo Stock Exchange. Per 31 December 2019 the Company had 34.338.833 shares traded under the ticker code ''OTS''. All shares are given equal voting rights. Shares are identified by the name of its owner or its owner's nominee account. As reflected in the Company's Articles of Association there are no restrictions relating to voting or transfer of ownership of the shares, nor are there mechanisms aimed at preventing takeovers. There are no specific representations, individual or in total, for shares owned by the employees.

MARKET VALUE OF THE SHARES

The shares on the Oslo Børs Stock Exchange were traded around NOK 4,90 per year end 2019 which gives a market valuation of the Company of approximately NOK 168.3 million on 31 December 2019 (in USD approximately USD 19.1 million at the conversion rate of 8.82), taking into account the share volume of 34.338.833 shares of the Company. The Company holds 0.37 percent treasury shares (127,573 shares). There are no restrictions in the Company's articles of association for trading the shares.

PARENT COMPANY

The parent company, Oceanteam ASA, showed a loss of USD 1.0 million standalone. The negative result was attributable to a lack of dividends from equity accounted investments and subsidiaries from both the Shipping and Solutions operational segments, with none being received in 2019. In addition to this, cost reduction programs significantly show their effect and the organisational restructuring was finalized during 2019. The parent company's share capital per year-end 2019 amounted to USD 25.4 million (2018: USD 50.8 million) with a total equity of USD 18.5 million (2018: USD 19.5 million. Main reason for the decrease is the share capital deduction from November 2019. The equity changes in the parent company are explained in detail in note 13 of the parent company. Net change in cash amounted to positive USD 0.3 million. The parent company is reporting its financial statements in USD as this is its functional currency and is in line with the Group reports.

RESULT AND EQUITY

The consolidated accounts show an "Operating loss from continued operations" of USD 0.3 million. The consolidated Total equity is USD 89.4 million as of 31 December 2019. The equity ratio as a percentage of the total assets is 74.2 percent. The equity in the parent company Oceanteam ASA is USD 18.5 million where USD 25.4 million is share capital.

ALLOCATION OF NET INCOME

The Company's financial statement has returned a loss of USD 1.0 million. The Board of Directors proposes to allocate this figure against other equity.

The Group's consolidated financial statements have returned a profit of USD 0.7 million and no Other comprehensive income. The Board of Directors proposes to allocate this figure against other equity.

7. CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm to the best of our knowledge that the financial statements for the period 1 January to 31 December 2019 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and result for the period of the Company and the Group taken as a whole. We also confirm that the Board of Director's Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

The Board recommends that Annual General Meeting of Shareholders adopts the Financial Statements for the year 2019.

Bærum, Norway, 9 April 2020

The Board of Directors and CEO of Oceanteam ASA

Keesjan Cordia	Karin Govaert	Jan-Hein Jesse	Henk van den IJssel
Chairman	Director	Director	CEO

8. CORPORATE GOVERNANCE AND CSR

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

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

The Solutions business of Oceanteam holds Lloyds certificates for ISO 9001:2015, standards for quality, environmental and health and safety management.

WORKING ENVIRONMENT

At the end of 2019, the Company employed 12 people - contractors and marine crew not included - with various background and roots from all over the world, bringing together a broad mix of cultures. The people within Oceanteam are a crucial factor in the entire process of creating value for our customers.

For the future Oceanteam intends applying a systematic approach to the performance and achievements of the employees. The aim is to encourage, acknowledge and continuously motivate employees. Uniform job profiles for the Group have been implemented throughout the Company, which helps ensure our workforce is performing at its best for Oceanteam and its customers.

The percentage sick leave for 2019 was 6.4 percent. The Company has procedures in place to ensure employees have a good working environment.

PROFESSIONAL STANDARD, BUSINESS ETHICS AND ANTI-CORRUPTION

In December 2019 the Board of Directors of Oceanteam has approved an updated code of ethics ("Code of Ethics").
All permanent employees and managers, contractors, suppliers, subcontractors, representatives and other contracting parties of Oceanteam are required to act in accordance with the principles set forth in the Code of Ethics and to confirm in writing adherence to Oceanteam's ethical standards.

EQUAL OPPORTUNITY

Oceanteam is fully committed to meeting its obligation to provide equal employment opportunities to all employees and applicants without regard to race, colour, religion, gender, national origin/ancestry, citizenship, age, sexual orientation, disability or other protected status. Most of Oceanteam's employees work in the Netherlands, however a number of the staff represents other nationalities, backgrounds and cultures than those of the Netherlands and Norway.

The anti- discrimination laws' objective is to promote gender equality, ensure equal opportunities and rights and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

Oceanteam is actively and systematically working to comply with the anti-discrimination laws and actively to avoid discrimination in the fields of recruiting, salary and working conditions, promotion, development, opportunities and protection against harassment.

SAFETY

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

The Company's QHSE policy is instrumental to the development of our employees to ensure that they are safe and comply with all relevant QHSE legislation. This is done through involvement in our introduction process and attendance at various mandatory training courses. Oceanteam requires all employees to adhere strictly to its policies and procedures. The Company rigorously enforces its obligation to ensure both the appropriate training and competences for the task in hand and the awareness of each employee of their rights and obligations in maintaining a healthy and safe workplace.
In 2019, no large-scale accidents or incidents were recorded in the

Oceanteam group. Nor were any personal injuries reported in any Oceanteam company in 2019. Any and all reported incidents and accidents are always followed up with an investigation that is recorded and filed. The cause and solution of the investigation are recorded in a database.

NATURAL ENVIRONMENT

The desire to minimise harm to the natural environment continues to be a prime objective. Oceanteam Solutions' Lloyds certification for ISO 9001:2015 and the Integrated Management System ensure a systematic approach to environmental management and continuous improvement throughout the Group. Our JV Partner Bourbon Offshore Norway has the safety management 14001 as well as the ISO 9001 certification.

The identified main aspects and potential negative impact from Oceanteam operations and locations are the use and transfer of oil, general waste production and pollution from waste oil and waste cooling fluids. Mitigating activities to reduce impacts and potential negative impacts include spill kits available on-site, work instructions for waste reduction and sorting and waste transfer notes kept on site. Oceanteam Solutions require smaller amounts of oil-use in their operations, and use only biodegradable oil to ensure minimum environmental risk. The results of the environmental risk mitigation work in 2019 are deemed to be satisfactory, with zero reported leakage or spillage incidents.

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

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

b) CORPORATE GOVERNANCE POLICY

Adopted by the board of Directors on 3 April 2020

1 INTRODUCTION

1.1 Background

Oceanteam ASA ("**Oceanteam**" or the "**Company**") is a listed company, established and registered in Norway in accordance with Norwegian law. The Company and its subsidiaries (the "Group") make every effort to comply with all applicable laws and regulations, as well as with the Norwegian Code of Practice for Corporate Governance (Nw: "Norsk anbefaling for eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board on 17 October 2018 (the "**Code**") and published at www.nues.no.

The Board of Directors (the "**Board**") adopted this Corporate Governance Policy (the "**Policy**") on 3 April 2020 to reflect and underline the Company's commitment to good corporate governance and to reflect the most recent amendments to the Code. The Policy is intended both as a guiding instrument for the Board and the executive management and as a device to maintain good relations and trust with the various stakeholders of the Company Group. In further implementation of this goal, the Board has also adopted an Insider Trading Policy and a Code of Ethics, applicable throughout the whole Group.

1.2 Purpose

This Policy includes measures implemented for the purpose of clarifying the division of roles between the shareholders, the Board and the executive management, consisting of the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") more comprehensively and for ensuring an efficient management of and control over the Company's operations. The main goal is to have systems for communication, monitoring, accountability and incentives that enhance and maximise the corporate profit, the long-term health and overall success of the business, and the shareholders' return on their investment. The development of and improvements on the Company's corporate governance is a continuous process, to which the Board and the executive management devote a strong focus.

1.3 Regulatory framework

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

The Company is subject to the corporate governance requirements set out in the Norwegian Public Limited Liability Companies Act 1997 (the "**NCA**"), the Norwegian Securities Trading Act of 2007 as amended in 2014 (the "**STA**") and the Norwegian Stock Exchange Regulations (the "**SER**").

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

1.4 Management and Control of the Company

The management and control of the Company is shared between the shareholders, represented in the general meeting of shareholders of Oceanteam (the "**General Meeting**"), the Board and the CEO according to applicable company law. The Company has an external independent auditor elected by the General Meeting.

1.5 Corporate values and ethics

The Company is an offshore services and shipping company. In addition to owning, chartering and managing deepwater offshore construction service vessels, the Company also offers rental of equipment and integrated cable transport- and handling solutions.

The Board sets the core values and guides the affairs of the Group. This includes the Group's commitment to achieving its health and safety vision and the Group's adherence to the highest ethical standards in all of its operations. The Board integrates environmental improvement into its business plans and strategies, and seeks to embed sustainability into the Group's business processes. The Board monitors the Group's performance in these areas.

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

The Company further strives to maintain a high ethical standard. All employees are appropriately trained and confirm adherence with the Group ethical principles set forth in the Group Code of Ethics.

2 BUSINESS

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

The Company's business purpose reads as follows:

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

3 THE BOARD OF DIRECTORS

3.1 Role

Oceanteam shall be directed by an efficient Board with collective responsibility for the success of the Company. The Board represents, and is accountable, to the shareholders of the Company. The Board shall define clear objectives, strategies and risk profiles for the Company's business, such that the Company creates value for the shareholders.

The Board has both managerial and supervisory duties and sets clear objectives and strategically guides the Company by effectively monitoring the executive and senior management, the financial situation of the Company and the Company's accountability towards- and communication to its shareholders. The Board has overall responsibility for the operational and financial performance of the Group and will review this on a regular basis.

The Board shall approve major capital projects and related capital expenditures, as well as significant investments and disposals, acquisitions, mergers and divestments. The board shall approve loans and other financing for the Group. The Board could take board positions in Joint ventures.

The Board delegates to the executive management the implementation of the strategy and business plan. The Board ensures that the Company is efficiently organised and that its operations are carried out in accordance with all applicable laws and regulations, in accordance with the objectives of the Company and its purpose pursuant to its Articles of Association, and within the guidelines given by the shareholders through resolutions in General Meetings from time to time.

In order to ensure efficient and thorough working procedures, the Board may appoint one or more working committees to prepare matters for final decision by the Board. The appointment, composition and mandate of such committees shall be made in due consideration of issues such as the nature of the envisaged project and the particular skills required and may include board members.

The Board shall ensure that members of the Board and executive personnel make the Company aware of any material interests that they may have in matters to be considered by the Board.

The Board shall initiate activities, processes and investigations as it deems necessary in order to carry out its responsibilities as may be required from time to time by one or more Board members, employees or relevant external parties.

3.2 Financial control, risk management and internal control

3.2.1 Supervision

The Board shall at all times ensure that it has a clear view on the financial situation of the Company and has a duty to ensure that the Company's operations, accounting and asset management are subject to satisfactory control. The members of the Board have full and free access to officers, employees and the books and records of the Company and specifically to the key executive functions stipulated under sections 4 and 5 hereof. The Board shall ensure that the CEO reports monthly to the Board on the Company´s activities, position and financial situation.

3.2.2 Adequate capitalisation

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

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

3.2.3 Risk management and internal control

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

3.3 Composition

3.3.1 Number of directors

The Board shall be elected by the General Meeting.

The Company currently has no employee representatives on its Board.

3.3.2 Independent directors

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

Independence shall for these purposes mean that there are no circumstances or relationships that are likely to affect or could appear to affect the director's independent judgement. The evaluation of whether a director is independent shall be based on the criteria set out in section 8 of the Code.

The Company may be in need of in-depth support to the executive management for the day-to-day business of the Company by experienced senior professionals with profound knowledge of the Company. To the extent that the CEO considers that there is such need of expertise and one or more of the directors fulfil these criteria, the CEO shall indicate to the Board that it is deemed beneficial for the Company that a director provides the required support. Such support can be provided through specific project agreements. In order to ensure transparency about such project agreements, any agreements for additional services provided by directors shall be approved by the Board and submitted to the General Meeting for approval.

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

3.4 Appointment and termination – Nomination and Remuneration Committee

The Board or any shareholders may recommend candidates for the Board, whereas any recommendation shall be supported by justification including information on each candidate's competence, capacity and independence with the aim to attract reputable and experienced professionals with relevant knowledge and skills for the Company. The members of the Board are appointed by the shareholders in a General Meeting for a period of two years. The Board elects the Chairman of the Board. The shareholders in a General Meeting can resolve to remove directors.

The Company's size entails that the Company views it as an unnecessary costly arrangement to have a separate Nomination and Remuneration Committee, and has therefore chosen to deviate from section 7 of the Code.

3.5 Proceedings

The Board shall adopt guidelines on the division of responsibilities between the executive management and the Board. The Board will hold board meetings as often as required, whereas such meetings may be conducted by a conference call.

3.6 Annual evaluation

The Board will annually evaluate its performance in the previous year and the performance of the CEO.

4 THE EXECUTIVE MANAGEMENT

4.1 THE CEO

4.1.1 Appointment

The Board appoints and removes the CEO.

4.1.2 The Tasks and Procedures applicable to the CEO

The CEO is in charge of the day-to-day management of the Company's business and shall comply with the guidelines and instructions issued by the Board and in accordance to applicable laws and regulations.

4.1.3 The CEO's Duties to the Board of Directors

The CEO shall at least each month at a meeting or in writing, provide the Board with information of the Company's business, position and financial situation. The CEO shall ensure that the Board receives accurate, relevant and timely information that is sufficient to allow the Board to carry out its duties.

4.2 The CFO

The Board appoints and removes the CFO. The CFO reports to the CEO. The CFO is authorised to participate in the meetings of the Board as required and shall have primary responsibility for managing the company's finances, including treasury, financial planning, management of financial risks, record-keeping and financial reporting.

5 OTHER EXECUTIVE FUNCTIONS

5.1 The Corporate Counsel

The Corporate Counsel shall give solicited and unsolicited advice on matters relating to governance, ethics, risk assessment, agreements and arrangements that bind the Company and any matters that have legal implications and is responsible to regularly report thereon to the CEO. The Board may invite the Corporate Counsel to participate in meetings of the Board and the Corporate Counsel may interact directly with the Board on any matters with corporate governance- and legal implication.

6 REMUNERATION OF DIRECTORS AND CEO

6.1 Remuneration of Directors

The remuneration of the directors shall be determined by the shareholders in a General Meeting and be disclosed in the annual accounts of the Company. Additional remuneration may be granted to members of the Board who are appointed to board committees. Any remuneration in addition to normal director's fee shall be approved as stated in section 3.3.2 hereof and shall be specifically identified in the annual report of the Company.

The Company deems it beneficial that the directors have aligned interests with the Company's shareholders and other stakeholders. Therefore the Company may choose to remunerate Board members through performance based remuneration schemes such as options. The Company has therefore chosen to deviate from section 11 of the Code.
Directors shall be encouraged to invest part of their remuneration in shares in the Company at market price.

6.2 Remuneration of CEO

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

Remuneration including any performance related incentive to the CEO shall be determined by the Board in meeting. All elements of remuneration to the CEO, and the total remuneration for the CEO shall appear from the annual report.

The Board may at its sole discretion, grant performance related incentive to employees. The incentive cannot exceed one year's annual salary, unless the Board decides otherwise and substantiates such decision. The Board may develop incentive schemes for the Group in order to align the motivation goals of personnel with that of the Company and enhance the value creation capacity for the shareholders.

6.3 Severance payments

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

7 DISCLOSURE AND TRANSPARENCY

7.1 General

The Company shall at all times provide its shareholders, the stock market (Oslo Børs) and the financial markets generally (through Oslo Børs' information system) with timely and accurate information. Such

information will take the form of annual reports, semi-annual interim reports, press releases, stock exchange notifications and investor presentations, as applicable. The Company shall seek to clarify its long-term potential, including its strategy, value drivers and risk factors. The Company shall maintain an open and proactive investor relations policy, a best-practice website and may give presentations as the Board deems fit in connection with annual and interim results.

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

7.2 Communication with Shareholders

The Board shall make itself available for discussions with the major shareholders to develop a balanced understanding of the issues and concerns of such shareholders, subject always to the provisions of the NCA, the STA, the SER and the principle of fair treatment of shareholders stipulated under section 8 hereof. The Chairman shall ensure that the views of shareholders are communicated to the entire Board.

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

8 FAIR TREATMENT OF SHAREHOLDERS

8.1 General

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

8.2 Approval of agreements with shareholders and other related parties

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

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

9 AUDIT

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

The Board shall make recommendations to the General Meeting on the auditor's appointment, removal and remuneration and shall also monitor the auditor's independence, including the performance by the auditor of any non-audit work.

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

The Company shall have an audit committee (the "Audit Committee") that consists of two or more Board members that have the required qualifications. The Audit committee may involve specialists and nominate advisors to support the work of the Audit Committee. The Audit Committee may request the CFO to directly provide to the Audit Committee information related to financial reporting, financial risks, internal controls over financial reporting and corresponding compliance aspects.

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

10 DIVIDEND POLICY

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

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

11 SHAREHOLDER MEETINGS

The shareholders represent the ultimate decision-making body of Oceanteam through the General Meetings.

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

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

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

- Ensuring that at all times a member of the Board attends the General Meetings.
- Posing the summons together with the agenda and all documents pertaining to each matter on the agenda on the Company's website not later than 21 days prior to the date of the meeting (except when otherwise decided by the General Meeting, cf NCA section 5-11b) irrespective of whether the Company also resolves to summon the meeting by way of other forms of communication ref § 7 in the Company's articles of association.
- Posing in the same manner on the website information and any forms required to be used in order to vote by proxy or by letter, unless such forms have been submitted directly to each shareholder.
- Ensuring that the shareholders are adequately informed about their right to vote by proxy and of the procedures to be observed in doing so.
- Ensuring that the summons, the documents and any further supporting material are sufficiently detailed and comprehensive in order for the shareholders to understand and form an opinion on the matters at hand.
- Ensuring that the summons specify that any shareholder wishing to attend the General Meeting must notify the Company within a certain time limit stated in the notice, which must not expire earlier than five days before the General Meeting, ref § 8 in the Company's articles of association. Shareholders failing to notify the company within the specified time limit may be denied access to the General Meeting.

The Company will publish the minutes from General Meetings as an Oslo Stock Exchange notice and on its website immediately or as soon as possible after the meeting and will also keep them available for inspection at the Company's offices.

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

12 CHANGE OF CONTROL, TAKEOVERS

12.1 General

The shares in Oceanteam are freely transferable, and the Company shall not establish any mechanisms that may hinder a takeover or deter takeover-bids, unless this has been resolved in a General Meeting by a two-third majority of votes cast and share capital represented. However, the

Board may, in the case of a takeover-bid, take such actions that evidently are in the best interest of the shareholders, such as, inter alia, advising the shareholders in the assessment of the bid and, if appropriate, seeking to find a competing bidder ("white knight"), always provided that the Board should not hinder or obstruct any take-over bids for the Company's activities or shares.

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

12.2 Overview of Norwegian statutory provisions on takeovers

12.2.1 Voluntary offer

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

12.2.2 Mandatory offer

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

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

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

12.2.3 Compulsory Acquisition ("Squeeze out")

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

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Bærum, April 2020

The Board of Directors of Oceanteam ASA

Kornelis Jan Willem Cordia

Karin Antoinette Yvonne Govaert

Hendrik Johannes Jesse

C. CORPORATE GOVERNANCE DEVIATIONS

Oceanteam ASA ("Oceanteam" or the "Company") adopted an updated Corporate Governance Policy in April 2020 (the "Policy") which outlines the Company's governing principles in accordance with applicable laws and regulations, as well as with the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 (the "Code").

Oceanteam's board of directors actively adheres to good corporate governance standards and ensures at all times that the Company complies with the applicable corporate governance principles or explains possible deviations therefrom.

In relation to the above, he Company's corporate governance principles comply with the Code, with the following exceptions:

- Nomination Committee (Section 7 of the Code and Section 3.4 of the Policy)

The Company has not appointed a nomination committee, as in the Company's opinion, it is a costly arrangement, considering the size of the Company, therefore the Company has chosen to deviate from the Code, acting in accordance with section 3.4 of the Policy.

- Remuneration of Directors and Management (Section 11 of the Code and Section 6 of the Policy).

The Policy contains deviating arrangement from Section 11 of the Code allowing remuneration to Board members through performance based remuneration schemes such as options, however, as per the closing date of this report no such remuneration schemes have been implemented. In addition, the Company has entered into an agreement with a member of the board which is subject to approval of the General Meeting in accordance with section 3.3.2 of the Policy.

9. FINANCIAL STATEMENTS GROUP

Consolidated statement of profit or loss and other comprehensive income

GROUP

USD ‘000

	Notes	2019	2018
Revenue	5,6	15.879	23.367
Net income from associates/joint ventures	5, 26	2.106	1.892
Total operating income		**17.985**	**25.259**
Operating costs	5	(5.865)	(7.492)
Personnel costs	5, 8	(2.123)	(2.478)
General & Administration	5, 9	(2.194)	(3.086)
Depreciation and amortisation	5, 11, 12	(5.772)	(5.728)
Write off / Impairment	5	(10)	42
Total operating expenses		**(15.965)**	**(18.742)**
Operating profit (loss)		**2.020**	**6.517**
Financial income		57	92
Financial expense		(2.041)	(5.726)
Foreign exchange results (loss)		(38)	23
Net finance	**5, 10**	**(2.022)**	**(5.612)**
Ordinary profit (loss) before taxes		**(2)**	**905**
Tax expense	5, 13	(261)	(59)
Profit / (loss) from continuing operations		**(263)**	**846**
Profit from discountinued operation	5, 27	950	(941)
Profit / (loss) for the period		**687**	**(95)**
Other comprehensive income/cost		-	-
Total comprehensive income for the period		**687**	**(95)**

Consolidated statement of profit or loss and other comprehensive income

GROUP

USD '000

	Notes	2019	2018
Profit (loss) attributable to:			
Owners of the company		135	(3.334)
Non controlling interests		552	3.239
Profit (loss)		**687**	**(95)**
Total comprehensive income attributable to:			
Owners of the company		135	(3.334)
Non controlling interests		552	3.239
Total comprehensive income for the period		**687**	**(95)**
Earnings per share (in USD)			
Basic earnings per share (in USD)		0,02	(0,00)
Dilutive earning per share (in USD)		0,02	(0,00)
Weighted average of shares during the period ('000)		34.211	496.947
Basic earnings per share (in NOK)		0,18	(0,00)
Dilutive earning per share (in NOK)		0,18	(0,00)
Weighted average of shares during the period ('000)		34.211	496.947

On 4 December 2019 the reversed share split in the ratio 23:1 has been registered with the Norwegian Register of Business Enterprises in accordance with the resolution of the EGM whereas 23 old shares have been consolidated into one new share with a nominal value of NOK 5,75. Following the reversed share split and reduction of share capital the share capital of the Company is NOK 197,448,289.75 divided into 34,338,833 shares with a nominal value of NOK 5,75 each. Treasury shares consist a number of 127.573 shares after the reversed split.

Consolidated statement of financial position

GROUP

USD '000

	Notes	2019	2018
Assets			
Non-current Assets - Property, plant and equipment			
Investment in associates and joint ventures	26	16.971	14.865
Vessels and equipment	12	92.677	97.361
Total		**109.649**	**112.226**
Non-current Assets - Other			
Deferred tax assets	13	1.000	1.250
Right of use assets	11	591	-
Total		**1.591**	**1.250**
Total non current assets		**111.240**	**113.476**
Current Assets			
Trade receivables	14	2.272	2.764
Other receivables	14	2.202	3.131
Total receivables		**4.474**	**5.895**
Cash and cash equivalents		**4.827**	**7.729**
Assets held for sale	27	-	-
Total current assets		**9.301**	**13.625**
Total assets		**120.541**	**127.101**

Consolidated statement of financial position

GROUP

USD '000

	Notes	2019	2018
Equity and liabilities			
Share capital	17	25.403	50.807
Treasury shares		(128)	(256)
Share premium		1.304	1.304
Other equity		33.370	7.959
Equity attributable to owners of the Company		**59.949**	**59.814**
Non-controlling interests	16	29.492	28.941
Total non-controlling interests		**29.492**	**28.941**
Total equity		**89.442**	**88.755**
Lease liabilities	11	511	
Total non current liabilities		**511**	**-**
First year installments	18	25.105	33.015
Lease liabilities	11	99	-
Trade payables	19	1.140	1.949
Tax payable	19	2	57
Public charges	19	65	96
Liabilities for sale	27	-	-
Provisions	19	543	-
Other current liabilities	19	3.635	3.228
Total current liabilities		**30.588**	**38.346**
Total liabilities		**31.099**	**38.346**
Total equity and liabilities		**120.541**	**127.101**

Baerum / Norway, 9 April 2020

The Board of Directors of Oceanteam ASA

Keesjan Cordia	Karin Govaert	Jan-Hein Jesse	Henk van den IJssel
Chairman	Director	Director	CEO

Consolidated cash flow statement

GROUP

USD '000

	Notes	2019	2018
Ordinary profit / (loss) before taxes		**(2)**	**905**
Net finance costs		2.022	5.612
Interest received		57	92
Interest paid		(1.958)	(2.995)
Depreciation and amortization of tangible assets	5, 11, 12	5.772	5.728
Tax paid	13	-	29
Net income of associates	26	(2.106)	(1.892)
Write off assets	5, 12		(42)
Change in trade receivables	14	493	246
Change in other receivables	14	929	1.177
Change in trade payables	19	(809)	(3.116)
Change in other accruals	19	920	(1.332)
Net cash flow from operating activities		**5.317**	**4.411**
Proceeds of sale assets*	27	950	-
Cash out due to investments	12	(994)	(1.587)
Cash in due to disposals	12	-	20
Cash in due to disinvestments		-	109
Net cash flow from investing activities		**(44)**	**(1.458)**
Issuing of new debt		-	3.075
Repayment of debt		(8.100)	(8.100)
Repayment of lease liability principle	11	(76)	-
Share issue		-	2.500
Net cash flow from financing activities		**(8.176)**	**(2.524)**
Net change in cash and equivalents		**(2.903)**	**428**
Cash and equivalents at start of period		**7.729**	**7.301**
Cash and equivalents at end of period**		**4.827**	**7.729**

* Related to the sale of the DOT companies

** restricted cash is USD 3.3 million. In addition to the cash and cash equivalents per 31 December 2019, the Group holds treasury shares of approximatley USD 0.07 million in current market value.

Consolidated statement of changes in equity

GROUP

USD '000

	2019	2018
Equity at period opening balance (Number of shares:34,338,833)	**88.755**	**39.672**
Profit after tax	687	(95)
Issued new shares	-	48.212
Capital increase related to Oceanteam Bourbon 4 AS	-	3.463
Other equity related to issued new shares*	-	(2.498)
Equity at period end (Number of shares: 34,338,833)	**89.442**	**88.755**

Consolidated statement of changes in equity	Share capital	Treasury shares	Share premium	Other equity	Non controlling interests	Total equity
Equity at 1 January 2019	50.807	(256)	1.304	7.960	28.940	88.755
Profit and loss				135	552	687
Total comprehensive income	**-**	**-**	**-**	**135**	**552**	**687**
Reduction of share capital	(25.403)	128		25.276		-
Equity per 31 December 2019	**25.403**	**(128)**	**1.304**	**33.371**	**29.492**	**89.442**

Consolidated statement of changes in equity	Share capital	Treasury shares	Share premium	Other equity	Non controlling interests	Total equity
Equity at 1 January 2018	2.595	(256)	1.304	13.792	22.238	39.672
Profit and loss				(3.334)	3.239	(95)
Total comprehensive income	**-**	**-**	**-**	**(3.334)**	**3.239**	**(95)**
Conversion of bond loan to shares*	45.027			(2.498)		42.529
Conversions of other debt to shares*	684					684
Share issue*	2.500					2.500
Capital increase related to Oceanteam Bourbon 4 AS*					3.463	3.463
Equity per 31 December 2018	**50.807**	**(256)**	**1.304**	**7.960**	**28.940**	**88.755**

In November 2019, share capital was reduced from NOK 395 million (USD 50.8 million) to NOK 197.5 million (USD 25.4 million) by reducing the nominal value of the shares from NOK 0,50 per share to NOK 0,25 per share.

* For further information, please refer to the financial statements 2018

9. NOTES FINANCIAL STATEMENTS GROUP

Note 1. Corporate information

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

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

Oceanteam has offices in Amsterdam and Velsen in the Netherlands. The corporate headquarters is in Baerum, Norway.

The Company is a public limited company incorporated and domiciled in Norway. The address of its registered office is Strandveien 15, 1366 Lysaker, Baerum, Norway.

The Company is listed at the Oslo Stock Exchange and is traded under the ticker code "OTS". The consolidated financial statements were authorised for issue by the Board of Directors on 9 April 2020, and are based on the assumptions of going concern. The Group annual accounts consist of the Parent company Oceanteam ASA with its subsidiaries, joint venture companies and associated companies.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The Group's financial statements are based on the principle of historical cost of acquisitions, construction or production. The financial year follows the calendar year. The group was established on 5 October 2005.

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

IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019

IFRS 16 'Leases' applies to annual reporting periods beginning on or after 1 January 2019. The Group early adopted this standard in the 2018 annual report.

IFRIC 23 'Uncertainty over Income Tax Treatment' is effective for annual reporting periods beginning on or after 1 January 2019.

IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 'Income Taxes' specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty.

The interpretation clarifies how to assess tax positions when there is uncertainty about what the correct understanding of tax laws and regulations is. This new interpretation has not had a significant impact on the Group's consolidated financial statements.

IFRSs and IFRICs issued but not yet effective

The following standard was issued before the issuance of the company's financial statements.

• IFRS 17, Insurance contracts - Effective date 1 January 2021

This is not expected to have a significant impact on the Group's consolidated financial statements.

2.2 Basis of consolidation

A) Business combinations

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

B) Subsidiaries

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

C) Non-controlling interests

NCI and related goodwill is measured at their share of fair value. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. NCI Investments and related goodwill are assessed for impairments quarterly and tested for impairment annually.

D) Loss of control

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

E) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Joint ventures are those arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

F) Transactions eliminated on consolidation

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

2.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly group administrative expenses, head office expenses, and income tax assets and liabilities.

The offshore shipping operations and solutions driven services, including equipment rental, are reported in two different segments. For more information, please refer to note 5.

2.4 Foreign currency translation

(a) Functional and reporting currency

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

(b) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies. Transactions are recognized at the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the reporting date. Foreign currency differences are generally recognised in profit or loss.

Non-monetary items at historical cost are translated, but at the rate at the date of the transaction (they are not re-translated)

(c) Group companies

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

(a) Assets and liabilities are translated at the closing rate at the date of that statement of financial position.

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

(c) All resulting exchange differences are recognised as a separate component of other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. These consolidated financial statements are presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

2.5 Non-current assets – Property Plant and Equipment

A) Recognition and Measurement

Construction Support Vessels (CSVs) and Machinery – Principles applied

The CSV's and machinery are accounted for under the cost model. They are initially recognised at cost, including all costs necessary to bring the assets to their working condition for intended use. Under the cost model the assets are carried at cost less accumulated depreciation and impairment.

On a recurring basis, the CSV's and machinery are investigated for indications of impairment, and at a minimum every year an impairment test is performed, comparing the carrying amount with the recoverable amount (higher of fair value less costs of disposal and value in use).

Other Tangible Fixed Assets – Principles applied

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

Components of cost

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

B) Subsequent Expenditure

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

C) Depreciation

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

- CSV vessels 25 years
- CSV vessels dry dock additions 5 years
- Fast Support Vessels 15 years
- Machinery and equipment 10–15 years
- Furniture, fittings and equipment 3–8 years

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

D) Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other (losses)/gains – net, in the income statement.

E) Component accounting

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

F) Impairment

Non-financial assets that are subject to depreciation are tested for impairment according to IAS 36 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset if it generates cash inflows that are largely independent of those from other assets or group of assets. An impairment loss is recognized for the amount by which the assets or CGU's carrying amount value (net book value) exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and risks specific to the asset.

2.6 Trade and other receivables

Trade receivables are initially measured at their transaction price (as defined in IFRS 15). Other receivables are initially recognised at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, both trade receivables and other receivables are measured at amortized cost.

IFRS 9 'Financial Instruments' requires the use of an expected credit loss impairment model and requires the Group to record allowances for expected credit losses.

For trade receivables (with no significant financing component) expected credit losses are measured at an amount equal to the lifetime expected credit losses. For lease receivables, in scope of IFRS 16, Oceanteam has chosen to measure expected credit losses equal to the lifetime expected credit losses.

2.7 Cash and cash equivalents

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

2.8 Share capital

Ordinary shares are classified as equity.

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

2.9 Trade payables

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

2.10 Borrowings

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

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

2.11 Tax

(a) Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit
- differences relating to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

(b) Shipping activities

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

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

2.12 Employee benefits

Pension obligations

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

2.13 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.14 Revenue recognition

Oceanteam ASA is an offshore shipping company and solutions provider. Oceanteam's business is the owning, chartering and managing of deep-water offshore construction service and fast support vessels. In addition, Oceanteam provides complementary engineering services consisting of both engineering and design services and equipment rental to support our clients.

Project revenue is based on operations where Oceanteam utilises its vessels, equipment and personnel to perform services for our clients.

Under IFRS 15 'Revenue from Contracts with Customers' revenue is recognised when separate performance obligations are satisfied. When performance obligations are satisfied at a future point in time, costs incurred relating to the performance obligations are deferred and recognised as assets in the consolidated statement of financial position. The costs incurred are expensed in line with the satisfaction of the performance obligation.

The Groups' revenue streams have been categorised into the following types: Hire income, Crewing, Mobilisation fee income and Management fee income.

a) Shipping revenues

Time charter agreements are considered to contain both a service component and a lease component. The service component covering crew and operational costs. The lease component, being the hire of the vessel on a bareboat basis. The service component is within the scope of IFRS 15, while the bareboat component is within the scope of IFRS 16 'Leases'.

The service components of the agreements are reviewed to identify the performance obligations within the contract. If there is more than one performance obligation, the contract price is disaggregated. Separate transaction prices determined and allocated to the separate performance obligations. Revenue is recognised when separate performance obligations are satisfied.

The performance obligation of manning and operating the vessels on a continues basis leads to the satisfying of the performance obligation over time as the provision of the service by Oceanteam is received and consumed by the customer simultaneously. The service component is recognised as revenue on a straight line basis.

The performance obligation of mobilisation of vessels is recognised at a point in time. This performance obligation is considered satisfied when the vessel is delivered to the designated location and ready to begin operations.

Bareboat charter agreements, which meet the definition of leases per IFRS 16, are considered to fall in their entirety under IFRS 16. (see note 2.18)

b) Solutions revenues

Oceanteam's solutions contracts with customers consist of equipment lease contracts, service contracts and contracts which contain elements of both leasing arrangements and provision of services. Standalone service contracts and the component of contracts which relate to services are within the scope of IFRS 15.

The service contracts and service component of contracts are reviewed to identify the performance obligations within the contract. If there is more than one performance obligation, the contract price is disaggregated. Separate transaction prices determined and allocated to the separate performance obligations. Revenue is recognised when separate performance obligations are satisfied.

The performance obligation of manning and operating the equipment on a continues basis leads to the satisfying of the performance obligation over time as the provision of the service by Oceanteam is received and consumed by the customer simultaneously. The service component is recognised as revenue on a straight line basis.

The performance obligation of mobilisation / demobilisation of equipment is recognised at a point in time. This performance obligation is considered satisfied when the equipment is delivered to the designated location and ready to begin operations.

Standalone lease contracts and components of contracts which relate to leases, and meet the definition of leases per IFRS 16 are within the scope of IFRS 16. (see note 2.18)

2.15 Dividend distribution

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

2.16 Financial and operating leasing

IFRS 16 'Leases' applies to annual reporting periods beginning on or after 1 January 2019. The standard replaced IAS 17 'Leases'. Oceanteam early adopted IFRS 16 'Leases' in 2018.

Under IAS 17, there was not a lot of emphasis on the distinction between a service or an operating lease, as this often did not change the accounting treatment. IFRS 16 includes detailed guidance to help companies assess whether a contract contains a lease or a service, or both.

IFRS 16 defines a lease as when the customer has the right to control the use of an identifiable asset for a period of time in exchange for consideration.

IFRS 16 removed the distinction between operating and financing leases for lessees, and requires recognition of an asset (the right to use the leased item) and a financial liability representing its obligation to make lease payments. For lessors the distinction remains.

(i) The Group as a lessee

All leases are recognised in the statement of financial position as a 'right of use' asset and a financial liability.

There are exceptions to this recognition principle for leases where the underlying asset is of low value and for leases classified as short-term in nature (less than one year). For leases falling under these exemptions, lease payments are expensed on a straight-line basis.

(ii) The Group as a lessor

Under IFRS 16, the guidance relating to lessors remains substantially unchanged from IAS 17. Lessors continue to account for leases as either operating or finance leases depending on whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

Finance leases

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

Oceanteam is not the lessor to any finance leases.

Operating leases

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

The hire of Oceanteam's vessels on a bareboat basis and the hire of Oceanteam's equipment are treated as operating leases.

2.17 Financial instruments

Under IFRS 9 financial instruments are classified under one of three different measurement models. These being amortised cost, fair value through profit and loss and fair value through other comprehensive income.

Classification and measurement of financial assets is determined based on both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset.

Financial liabilities are classified and measured at fair value through profit and loss when they meet the definition of held for trading or when they are designated as such on initial recognition. Otherwise, financial liabilities are measured at amortised cost.

All financial assets and liabilities are initially measured at fair value net of transaction costs, with the exception of those classified as fair value through profit or loss and trade receivables which are measured at their transaction price (as defined in IFRS 15).

Oceanteam's financial assets include cash, trade receivables and other receivables. Oceanteam's financial liabilities include borrowings, trade payables and other current liabilities. There are all measured at amortised cost.

Note 3 - Financial risk management

During 2019 the following key events affected the financial risk of Oceanteam:

In March 2019, Oceanteam and its Mexican partner Diavaz reached an agreement to terminate the joint venture structure set up by the two groups. This resulted in the sale of all of Oceanteam's Joint Venture companies with Diavaz to Diavaz for a settlement amount of USD 950.000. Oceanteam received the settlement amount in full in March 2019. Refer to note 27 for further details.

In April 2019, both Stichting Value Partners Family Office and Corinvest B.V. issued waivers stating that if Oceanteam cannot repay the loans in full at maturity (October 2019 and December 2019 respectively), due to tight liquidity, the lenders will postpone the maturity date of the loans for another six months (April 2020 and June 2020 respectively). Refer to note 18 for further details.

In respect of the public investigation filed by shareholders of Oceanteam ASA, NOK 6 million was paid in 2018 to the Norwegian law firm that the Norwegian authorities subtracted this investigation to. A further NOK 3 million was paid in 2019. In December 2019 the final costs for the investigation were presented by the investigator and awarded by the Bergen Court totalling NOK 13.7 million. Oceanteam has appealed the court decision and is, per the date of this report, awaiting ruling on the appeal. Oceanteam has made a provision for the remaining amount in the 2019 figures. Refer to note 24 for further details.

During 2020 the following key events affected the financial risk of Oceanteam:

In March 2020, both Stichting Value Partners Family Office and Corinvest B.V. have agreed to amend the repayment date of the loans to April 2021. Oceanteam has chosen to defer the repayment of the loans due to the tight cash flow.

Joint Venture partnership with Bourbon

On 31 December 2019, the Group was not in compliance with all financial covenants under the Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS loan facility. Oceanteam's joint venture partner Bourbon Offshore Norway AS was non-compliant with the covenants under its financing arrangements in 2019, which has led to the loan being in cross default.

Furthermore, Oceanteam Bourbon 101 AS was in breach of it cash covenants as at 31 December 2019. These breaches are events of default. An event of default gives the bank the right to demand immediate repayment of the loan in full. The bank has allowed, and is expect to continue to allow, the repayment of the loan as if no event of default has occurred.

The final repayment date of the loan is July 2022. Pursuant to a letter dated January 2020, the lenders have accepted deferral of repayment instalments starting January 2020 until the earlier of a) 90 days after the Vessels are employed on any contract and b) 31 December 2020.

Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS are not able to declare, make or pay any dividend or other distribution without the prior consent of the bank. Payment of invoices such as management fees, operational cost invoices and crew cost invoices do not require prior consent from the bank.

(A) CREDIT RISK

The Group has sales revenues and liabilities in foreign currencies and is exposed to currency risks. In 2019, 80 percent of the revenue is in USD, while the remaining 20 percent is in EUR. Since the functional currency is in USD, the foreign exposure is for liabilities in EUR and its fluctuations with USD. Some of the local costs for Oceanteam ASA are in NOK which have been lower during 2019 due to favourable foreign exchange fluctuations. The overall strategy to reduce currency risk is largely based on natural hedging with incoming and outgoing cash flows being in the same currency.

The Group's customers are primarily large companies with high credit ratings. Credit risk is the risk of financial loss to the Group if a customer or other counterpart to a financial instrument or invoice fails to meet its contractual obligations and such loss would arise principally from the Group's trade receivables with its clients.

Shipping segment

At year-end, trade receivables from the Shipping segment represented 81 percent of the Group's total trade receivables. These receivables were all related to the business conducted by the two Construction Support Vessels. The two Construction Support Vessels are chartered by Total and McDermott. Total has a good payment record but McDermott has not. McDermott has filed for Chapter 11 in January 2020. The payments for contracting the vessel are paid through the contracting party BOMMI, a Indian subsidiary of Bourbon. All outstandings of 2019 have been paid in the first quarter 2020. Payment for hire will be paid after 60 to 90 days. Geographically the CSV assets are currently located in Africa (Angola) and South Asia (India).

During the tendering and contract negotiations phase and dependent on the status of the charterer, Oceanteam always requests security over the receivables of the charter party; such as a parent company guarantee, bank guarantee, payment in advance or lien on assets of the charterer. Unfortunately, as a result of current market circumstances, the charterer is not always willing to provide such guarantee.

With the sale of the DOT joint venture companies to Diavaz in the first quarter of 2019, and the Venezuelan activities and assets fully provided for, the credit risk in relation to the Venezuelan and Mexican business is zero.

Oceanteam Mexico SA de CV still owns two Fast Support Vessels (FSVs), Tiburon II and Mantarraya II, which are on a long- term bareboat charter to a charterer however are laid up in Venezuela. In 2017 Oceanteam unsuccessfully attempted to regain possession of the vessels through legal proceedings. No attempts to regain the vessels has been initiated in 2019. Due to the uncertain political situation and the unreliability of the judicial process, the total value of the assets was written off in previous years. Oceanteam's management is considering all options for recovery of the vessels.

Solutions segment

At year-end, trade receivables from the Solutions segment represented 19 percent of the Group's total trade receivables. The exposure to credit risk depends on the individual characteristics of each customer. Before projects are in tendering phase and awarded, the Group performs full credit assessments on its existing and future customers.

Geographically the credit risk for the Solutions segment can be divided into activities in European countries and with an approximate number of ten customers. Customers within the Solutions segment are in the oil and gas and the renewable offshore industry. For the Solutions segment, the majority of outstanding trade receivables per year end of USD 0.4 million have already been received in 2020.

The need for bank guarantees, parent company guarantees and pre-payments are considered on individual basis project by project. Currently no provisions have been made.

Oceanteam

The Group's allowance for expected credit losses is determined based on lifetime expected credit losses.

The need for bank guarantees, parent company guarantees and pre-payments are considered on individual basis project by project.

(B) LIQUIDITY RISK

Liquidity risk relates to the ability to meet financial obligations as they fall due. The Oil and Gas industry has continued to experience a downturn, which has inherently increased the liquidity risk. Oceanteam's response has been to continue cost saving programs and delay capital investments.

In March 2020, both Stichting Value Partners Family Office and Corinvest B.V. have agreed to amend the repayment date of the loans to April 2021. Oceanteam has chosen to defer the repayment of the loans due to the tight cash flow. Refer to note 18 for further details.

Oceanteam has financial obligations due to both, credit institutions and to vendors. The financial obligations to credit institutions are limited in number and in size. At the end of 2019, the balance of secured bank debt is USD 22.3 million and the balance of unsecured short term loans is USD 3.1 million. There is USD 5.4 million of trade and other payables.

The Company is currently investigating the possibility of putting in place a credit facility to cover the short term operational needs and work capital fluctuations in its Solutions segment.

Obligations to vendors are mostly smaller in size and across a larger number of vendors. These obligations are managed in similar fashion as those to credit institutions with individual agreements. In as much as there is liquidity risk in the JVs with Bourbon, the risk is primarily that disbursements out of shipping companies are blocked except for management fees. In the JVs with Diavaz, the risks have been eliminated by the divestment in March 2019.

The liquidity risk can be divided into short term, medium term and long term risks. The short term risks relate to certain specific small vendors requiring immediate repayment compared to incoming cash flows. This risk is managed through the incoming cash flow which the Group has from the Shipping division and the Solutions division.

The medium term risks relate to aggregation of smaller vendors as mentioned but with greater focus on Solutions performance. Due to increased solutions activity, cash flow fluctuation in medium term should remain covered by the cash flow from the performance of contracts in the Solutions segment. This medium risk has been managed by having contracts for a longer period in the Solutions division.

Long term risks related to the repayment of loan instalments which has been managed by requesting deferral of the repayment of instalments on the basis of unemployment of the vessels.

The operations of the Mexican office have been closed. Both the Tiburon II and Mantarraya II are laid up in Venezuela and subject to charges due to vendor claims.

Shipping revenue and earnings stream are from the main CSV contracts. All risks related to Shipping division relates to renewing of contracts when these expire. Historically, even in poor market conditions Oceanteam and Bourbon have been able to find employment for Oceanteam's main assets.

CSV Southern Ocean is under contract with J.Ray McDermott S.A. until mid Q2 2020 with possible extensions.

CSV Bourbon Oceanteam 101 is under contract with Total E&P Angola S.A., until the end of Q2 2020.

Oceanteam and Bourbon are holding ongoing discussions with various parties to ensure the vessels remain fully utilised after these dates.

Within the JVs Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS, as at 31 December 2019, there was combined cash of USD 4.5 million which may be considered partially restricted; and there is combined loan debt of USD 40.4 million of which USD 22.3 million is consolidated into Group reported numbers.

The parent company cannot depend on cash flow from management fees alone. The development of the offshore wind industry is expected to strengthen the proceeds of Solution division and the effect of cost reduction objectives for operational expenditures and corporate expenses will carry on in 2020. The results and cash flow of the Solutions division will be key to maintain a stable cash flow.

At the balance sheet date, the Group had a cash position of USD 4.8 million, of which approximately USD 3.3 million was restricted or pledged as collateral.

All outstanding trade receivables for the shipping segment of approximately USD 1.8 million have been received in 2020. For the Solutions segment, all of outstanding trade receivables per year end of USD 0.4 million have been received in 2020. No allowance for expected credit losses is considered necessary.

Future cash flows

Oceanteam prepares and reviews detailed future cash flow forecasts for the group on a constant rolling basis. The 12 month forecast from April 2020 to April 2021 has been reviewed and the underlying key assumptions evaluated in determining that the group is a going concern.

There is inherent risk in cash flow estimates for Company's ability to secure new contracts within its business segments. There are certain key assumptions which are pivotal to the going concern assertion during 2020 and 2021. The key events assumed in the cash flow forecast, of the Oceanteam fully controlled group, for the 12 months from April 2020 to April 2021, are summarised below.

Cash inflows

- The Solutions division of the business is expected to slightly improve its revenue volumes compared with 2019 levels.
- Management fees from the shipping entities are expected to increase in 2020 compared to 2019. Indirectly, cash inflows from management fees are dependent on contracts being in place for the vessels.
- Receipt in full of the final remaining amount receivable relating to the sale of KCI the engineers B.V.

Cash outflows

- General and Administrative costs are expected to decrease further during 2020. Cost saving programs continue to be in place.
- Operating expenditure within the Solutions division is expected to continue at a similar level compared with 2019
- A substantial payment of VAT in respect of previous years
- Repayment of the Stichting Value Partners Family Office loan and Corinvest B.V loan principle amounts in April 2021
- Payment of the above loans attributable interest. USD 0.2 million of the interest was originally due in April 2020. The lenders have agreed to postpone payment of interest until the company has sufficient liquidity*.
- Is it assumed that the bank will continue to allow the Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS loan to run its course and not enforce its right to demand immediate repayment.

*The interest will be postponed subject to the provision of security by Oceanteam to the lenders in the form of a non-possessory pledge by 1 June 2020. Both Stichting Value Partners Family Office and Corinvest B.V will receive a pledge on one carousel each. The carousels are owned by Oceanteam Shipping B.V. See note 18 for further information.

The Company has applied for a credit facility with the Rabobank to finance the mobilisation costs of the Swan Hunter/Global Marine project and a project with a major cable manufacturer within the Solutions division.

The global outbreak of Coronavirus (COVID-19) could impact Oceanteam's cash flow and liquidity over the next 12 months and beyond, mostly due to the resulting significant fall in oil prices.

The fall in demand for oil which started in China has now begun to spread to economies throughout the world as the Coronavirus continues to spread and governments implement further restrictive measures.

In addition, the ongoing oil price strategy dispute between Russia and Saudi Arabia adding to oversupply in the market has, and will continue to, put further downward pressure on oil prices.

The deeply imbalanced supply and demand relationship are likely to keep oil prices under pressure. The fall in oil prices could lead to a decrease in offshore installation activity impacting Oceanteam's ability to secure future contracts.

Our existing customers could also be impacted which could affect payment of Oceanteam's receivables.

(C) MARKET RISK

Market risk includes risk due to fluctuations in oil prices, political, economic risk and other uncertainties, increased competition and risk of war, other armed conflicts and terrorist attacks. The oil price is a significant driver for the offshore construction market, and thus for the demand for Construction Support Vessels. The deteriorated financial climate has an impact on projects in both the oil and gas and renewable energy industries. Such factors may make it more difficult to obtain attractive contracts for the Construction Support Vessels and Fast Support Vessels. Also, the demand for Oceanteam Solutions' services may be affected by economic climate and global supply chain trends.

Interest rate fluctuations

The loans from Corinvest B.V. and Stichting Value Partners Family Office to Oceanteam ASA have a fixed interest rate of 7% per annum. The loan in the fully consolidated subsidiary, Oceanteam Bourbon 4 AS attracts interest of 3,75% plus 3 month LIBOR per annum.

An increase in the LIBOR rate of 100 basepoints in 2019 would have increased the interest expense in 2019 by USD 0.3 million.

Note 4 - Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

(A) Income taxes and deferred tax assets

For further information, please refer to note 13.

(B) Impairment testing

The value in use and fair value estimates of the CSVs and Machinery may fluctuate due to changes in hire rates, OPEX, WACC (weighted average cost of capital), market conditions and operational risks of operating vessels and machinery. The determination of the value in use will take place on the basis of quotes from market experts. Refer to note 12 for more information.

(C) Going Concern

Oceanteam prepares and reviews detailed future cash flow forecasts for the group on a constant rolling basis. The 12 month forecast from April 2020 to April 2021 has been reviewed and the underlying key assumptions evaluated in determining that the group is a going concern. There is inherent risk in cash flow estimates for the Company's ability to secure new contracts within its business segments. There are certain key assumptions which are pivotal to the going concern assertion during 2020 and 2021. Refer to note 3 for more information.

Note 5 - Operating segments

The Group has two segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Solutions consist of rental equipment and tailored solutions for installation, transportation, storage and handling of subsea cables. Oceanteam Shipping consists of owning and chartering Construction Support Vessels. The current segments are the Group's strategic divisions.

There is no difference between the accounting policies of the reportable segments or between the reporting segments and the group. Intersegment revenues and costs relate to management fees charged between Oceanteam group companies. These are based on a cost plus margin basis.

The following summary describes the operations in each of the Group's reportable segments:

	Oceanteam Shipping		Oceanteam Solutions		TOTAL	
USD '000	2019	2018	2019	2018	2019	2018
Revenue	12.743	15.939	3.136	7.429	15.879	23.367
Net income from associates/joint ventures	2.106	1.892	-	-	2.106	1.892
Operating cost	(4.992)	(3.903)	(873)	(3.589)	(5.865)	(7.492)
Personnel costs	(912)	(1.305)	(1.212)	(1.173)	(2.123)	(2.478)
General & administration	(1.633)	(2.411)	(561)	(675)	(2.194)	(3.086)
EBITDA	**7.313**	**10.211**	**489**	**1.991**	**7.803**	**12.203**
Intersegment revenue	599	582	315	315	914	897
Intersegment cost	(315)	(315)	(599)	(582)	(914)	(897)
Depreciation and Amortisation	(4.618)	(4.264)	(1.154)	(1.463)	(5.772)	(5.728)
Write off / Reversal of impairment	(2)	68	(8)	(26)	(10)	42
Reportable segment operating profit/(loss)	**2.977**	**6.282**	**(957)**	**235**	**2.020**	**6.517**
Financial income	311	109	(254)	(17)	57	92
Financial expense	(2.027)	(5.687)	(13)	(39)	(2.041)	(5.726)
Foreign exchange effects	23	75	(61)	(52)	(38)	23
Net finance	**(1.694)**	**(5.503)**	**(328)**	**(109)**	**(2.022)**	**(5.612)**
Pre-tax profit / (loss)	**1.283**	**779**	**(1.285)**	**126**	**(2)**	**905**
Income tax	(11)	(59)	(250)	-	(261)	(59)
Net result from continuing operations	**1.272**	**720**	**(1.535)**	**126**	**(263)**	**846**
Net result from discontinuing operations	**950**	**-**	**-**	**(941)**	**950**	**(941)**
Net result for the period	**2.222**	**720**	**(1.535)**	**(815)**	**687**	**(95)**

Information on the reportable assets and liabilities is not reviewed by the Group's CEO (the chief operating decision maker). On this basis and given this disclosure information is not considered material, this information has not been disclosed.

The Shipping segment consist of two operating CSV vessels. The two vessels worked outside Europe in 2019. One of the CSV vessels is consolidated according to equity method, while the other CSV vessel, CSV Southern Ocean, is fully consolidated. Administration expenses in Oceanteam ASA are allocated to Shipping segment since material resources from Oceanteam ASA are allocated to Shipping segment. The Oceanteam Solutions segment consist of equipment business from RentOcean, an equipment department organized under Oceanteam ASA. Administration expenses in Oceanteam Shipping BV are allocated to equipment business due to RentOcean.

Geographical segments USD '000

In presenting the following information, segment revenue has been based on the geographic location of customers.

Revenue	2019	2018
Far East & Australia	13.088	16.205
Europe	2.790	7.162
Total	**15.879**	**23.367**

Net income from joint ventures and associates	2019	2018
Australia and Africa	2.106	1.892
South America	-	-
Total	**2.106**	**1.892**

Revenue is allocated based on the area in which the services are rendered.

Revenue comprises:	2019	2018	Change in %
Revenue	15.879	23.367	-32%
Net income from joint ventures and associates	2.106	1.892	11%
Total	**17.985**	**25.259**	**-29%**

Refer to note 6 for a breakdown of segment revenues by the type of services provided.

Major customers

Segment	Major Customer	2019	Percentage of Group's revenue	2018	Percentage of Group's revenue
Shipping	Customer 1	6.063	38%	13.947	60%
	Customer 2	4.733	30%		
Solutions	Customer 3			2.333	10%

There were no other customers (more than 10 percent of Group revenue) as per definition of IFRS 8.34.

Note 6 - Revenue

US'000

Revenue comprises:	2019	2018	Change in %
CSV Shipping	12.743	15.939	-20%
Solutions equipment handling and rental	3.136	7.429	-58%
Total revenue	**15.879**	**23.367**	**-32%**

Oceanteam derives its revenue from the transfer of goods and services over time and at a point in time from the following sources.

2019

Revenue comprises:	Shipping	Solutions	Total
Hire income	8.179	2.336	10.516
Crewing	4.119	313	4.432
Mobilisation fee income	380	171	551
Management fee income	65	315	380
Total revenue	**12.743**	**3.136**	**15.879**

2018

Revenue comprises:	Shipping	Solutions	Total
Hire income	13.810	5.123	18.933
Crewing	1.753	1.467	3.220
Mobilisation fee income	330	524	854
Management fee income	46	315	361
Total revenue	**15.939**	**7.429**	**23.367**

Hire income is recognised on a straight line basis over the term of the leases. Included within 2019 Shipping hire income there is insurance income of USD 1.3 million related to loss of hire in 2019 (2018: nil).

Included within 2018 Shipping hire income is suspension rate income of USD 10.5 million. When the vessel CSV Southern Ocean was not considered recalled by the charterers, Oceanteam Bourbon 4 AS received a 'Suspension Rate'. There was no such income in 2019.

Crewing and management fee income is recognised as revenue over time on a straight line basis as provision of the services by Oceanteam is received and consumed by the customer simultaneously. The performance obligations are satisfied on a continues basis.

Mobilisation fee income is recognised at a point in time when the performance obligation is satisfied (the equipment/vessel is delivered to the designated location and ready to begin operations). There were no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

When allocating the transaction price for time charter agreements between Hire income and Crewing, Oceanteam uses the expected cost plus margin approach.

Typically, invoices are sent immediately upon performance obligations being satisfied at a point in time. Performance obligations that are satisfied over time are normally invoiced on a monthly basis. Payment terms are generally 30-45 days. Oceanteam sometimes experiences delays in receiving payment from some clients which can lead to short-term fluctuations in trade receivables.

Refer to note 14 for further information on contract receivables from contracts with customers and note 19 for further information on contract liabilities from contracts with customers.

Vessel Contract Backlog

Shipping	Type of contract	2020 Q1-2	2020 Q3-4	2021 Q1-2	2021 Q3-4	2022 Q1-2	2022 Q3-4
CSV BO101	time charter						
CSV Southern Ocean	time charter						

Contract Option

Shipping Contract backlog

- CSV Bourbon Oceanteam 101: The vessel is under contract until end Q2 2020 with Bourbon Gaia Supply SAS.

- CSV Southern Ocean: The vessel has a firm contract until the end of April 2020. The contract allows for further extension beyond this time.

Solutions Contract Backlog

The level of secured work is limited however tenders out are at a 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 this is being compensated by the offshore renewable segment and other projects.

Note 7 - Leasing

Future contracted revenue from lease contracts in Shipping segment

The future minimum lease payments, of consolidated entities in the Shipping segment, only relate to Oceanteam Bourbon 4 AS. This income is from the bareboat hire element of the time charter agreement for CSV Southern Ocean as shown in the Vessel Contract Backlog.

USD '000	2019	2018
Less than one year:	2.658	1.592
Between one and five years:	-	-
More than five years:	-	-
Total	**2.658**	**1.592**

Future contracted revenue from lease contracts in Solutions segment

The Solutions segment leases out its equipment pool on its own contracts. The future minimum lease payments under non-cancellable leases are as follows:

USD '000	2019	2018
Less than one year:	544	794
Between one and five years:	-	-
More than five years:	-	-
Total	**544**	**794**

Future contracted expenses from leases in Shipping segment

The Shipping segment maintains one material lease contract consisting of a ship crane mounted on the CSV Southern Ocean.

The non-cancellable lease payments are as follows:

USD '000	2019	2018
Less than one year:	-	315
Between one and five years:	-	-
More than five years:	-	-
Total	**-**	**315**

The ship crane mounted on the CSV Southern Ocean is leased by Oceanteam Bourbon 4 AS from the associated company Oceanteam Bourbon Investments AS. The 2019 expense recognised by Oceanteam Bourbon 4 AS, which is fully consolidated, in respect of this lease is USD 21.000 (2018: USD 1.260.000).

As of 1 April 2019, this lease has been recognised as a right of use asset. Refer to note 11 for more details.

Future contracted expenses from other leases

Future contracted expenses from other leases includes office and other work area rental agreements. These leases are treated as short-term (operating) leases. These expenses are recognised under Operating costs. The cash outflows are approximately equivalent to the lease expenses.

Lease expense recognised:

USD ‘000	Segment	2019	2018
Bergen / Oslo office	Shipping	24	25
Amsterdam office*	Solutions	-	51
Velsen base	Solutions	151	157
Velsen office	Solutions	16	15
Total		**190**	**248**

*As of 1 January 2019, the Amsterdam office lease has been recognised as a right of use asset. Refer to note 11 for more details.

The non-cancellable lease payments are as follows:

USD ‘000	2019	2018
Less than one year:	20	73
Between one and five years:	20	35
More than five years:	-	-
Total	**39**	**108**

Note 8 - Personnel cost

USD '000

Personnel cost	2019	2018
Salary	1.249	1.585
Pensions	114	108
Social security cost	99	158
Insurance	87	110
Directors fees	121	88
Contractors fees	451	434
Other costs	3	(6)
Total	**2.123**	**2.478**

Number of man-years employed over the financial year	12	14

Contractor fees are related to external consultants and temporary employees supporting the Group's operations.

Management remuneration

USD '000 2019	Position	Board fees	Wages / Fees	Pension premiums	Other remuneration	Total
Leidus Bosman	CEO		240	17		257
Kornelis Jan Willem Cordia	Chairman	45				45
Karin Antoinette Yvonne Govaert	Director	38				38
Hendrik Johannes Jesse	Director	38	58			96
Hendrik Hazenoot	Interim CFO		118			118
Diederik Legger	Advisor to the board		48			48
Hendrik ten Hoeve	Interim CEO Solutions		165			165
Total		**121**	**628**	**17**	**-**	**766**

Management remuneration

USD '000 2018	Position	Board fees	Wages / Fees	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO (until Mar 30th 2018)		111			111
Hessel Halbesma	Chairman (until Mar 22nd 2018)				49	49
Mrs Catharina Pos	Director (until Mar 23rd 2018)				17	17
Diederik Legger	Director (until May 16th) and interim CEO (until Oct 15th 2018)	10	109			120
Meindert van Genderen	Interim CEO (from Mar 28th until May 16th 2018)		70			70
Jos Van Dijk	CFO (until Aug 23rd 2018)		178	15	28	221
Kornelis Jan Willem Cordia	Chairman (from Apr 13th 2018)	34				34
Karin Antoinette Yvonne Govaert	Director (from Apr 13th 2018)	26				26
Hendrik Johannes Jesse	Director (from Jul 12th 2018)	17				17
Hendrik Hazenoot	Interim CFO (from Aug 23 2018)		87			87
Leidus Bosman	CEO (from Oct 15th 2018)		61	4		65
Total		**88**	**615**	**19**	**94**	**817**

Leidus Bosman resigned as CEO effective 14 February 2020. He received an annual salary of EUR 198.000 (USD 222.008) which attracted a holiday allowance at 8% EUR 15.840 (USD 17.792). As at 31 December 2019, Oceanteam had no obligation to pay special compensation upon termination of, or change to, the CEO's employment. The employment agreement contains a variable pay provision, which leaves room for negotiation on the remuneration package. No liability or expense was incurred in respect of this as at 31 December 2019.

For the year 2019, the agreed annual fee for the chairman of the board is NOK 400.000 (USD 44.883) and NOK 337.500 (USD 37.847) for the other members of the board (including NOK 37.500 for audit committee fees).

Kornelis Jan Willem Cordia, chairman of the board, was appointed on the 13 April 2018 and has received board fees of NOK 400.000 (USD 44.883) in 2019. Director, Karin Antoinette Yvonne Govaert, was appointed on 13 April 2018 and has received board fees of NOK 337.500 (USD 37.847) in 2019. Director, Hendrik Johannes Jesse, was appointed on 12 July 2018 and has received board fees of NOK 337.500 (USD 37.847) in 2019.

Oceanteam ASA entered into a general service agreement with Hendrik Johannes Jesse through his company, JOSCO Strategisch Advies, for management and independent consultancy services for the period 1 July 2019 to 31 December 2019. Hendrik Johannes Jesse received a fixed fee of NOK 95 625 per month from 1 July 2019 to 31 December 2019 totalling NOK 573 750. The agreement automatically expired on 31 December 2019. These fees have been classified as wages/fees. The agreement is subject to shareholders approval.

As at 31 December 2019, Oceanteam had no obligation to pay special compensation upon termination of, or change to, the chairman's appointment. As at 31 December 2019, there were no agreements between Oceanteam and the chairman providing for bonuses, profit sharing, options or similar benefits.

Hendrik Hazenoot was appointed as Interim CFO on 23 August 2018. He has a service agreement through DTN Noordwijk B.V. and has charged fees of EUR 105.095 (USD 117.849) in 2019 for his services.

Diederik Legger, advisor to the board, has contracts with Oceanteam ASA through J. Hofland B.V and Marstrat B.V. in respect of advisory services. Through these companies he has charged a total of EUR 43.500 (USD 48.196) in 2019. The agreement has been terminated per 10 February 2020.

Hendrik ten Hoeve was appointed as Consultant from 1 January 2019 and as Interim CEO of Oceanteam Solutions on 1 April 2019. He has a service agreement through Maas Technical Management B.V. and has charged fees of EUR 155.172 (USD 164.598) in 2019 for his services.

Refer to note 20 for the year-end balances of related parties.

The incentive scheme throughout the Group is given at the discretion of the board and CEO. The CEO makes a proposal to the Board for different incentives for the employees of the Company. There is no share incentive program.

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

There has not been given remuneration, pension's plans or other benefits to members of the audit committee or other elected corporate bodies.

Note 9 - Auditor's fee

Auditor's fee consists of the following:

USD '000	2019	2018
Statutory audit	233	464
Other assurance services	13	25
Tax advisory	17	41
Other	3	10
Total	**266**	**540**

Note 10 - Financial income and financial expenses

USD '000	2019	2018
Bank Interest income	57	92
Foreign exchange gain/loss	(38)	23
Interest expense*	(1.963)	(5.175)
Other financial expense	(78)	(552)
Total interest costs	**(2.022)**	**(5.612)**

*For more details related to the interest expense in 2018 see the annual report 2018.

Note 11 - Right of use assets and lease liabilities

Right of use assets	Crane	Amsterdam office	Total
Historical Cost 1 January 2019	-	-	-
Additions	532	153	686
Historical Cost 31 December 2019	**532**	**153**	**686**
Accumulated depreciation 1 January 2019	-	-	-
Depreciation	46	48	94
Accumulated depreciation 31 December 2019	**46**	**48**	**94**
Total carrying amount per 31 December 2019	**486**	**105**	**591**

Lease liabilities as at 31 December 2019	Crane	Amsterdam office	Total
Non-current	448	63	511
Current	49	49	99
Total discounted lease liabilities	**497**	**112**	**610**
Effect of not discounting	168	13	181
Total undiscounted lease liabilities	**665**	**125**	**790**

Lease liabilities maturity analysis - contractual undiscounted cash flows	2019	2018
Less than one year:	141	-
Between one and five years:	404	-
More than five years:	245	-
Total	**790**	**-**

The ship crane mounted on the vessel CSV Southern Ocean is leased by the fully consolidated company, Oceanteam Bourbon 4 AS, from the associated company Oceanteam Bourbon Investments AS. This lease was previously treated as a short-term (operating) lease. As of 1 April 2019, this lease has been recognised as a right of use asset.

The fully consolidated company, Oceanteam Shipping B.V, rents an office space from an entity external to Oceanteam Group. This lease was previously treated as a short-term (operating) lease. As of 1 January 2019, this lease has been recognised as a right of use asset.

For the period 1 January - 31 December 2019	Crane	Amsterdam office	Total
Lease liabilities interest expense	28	11	39
Cash outflow	63	52	115

Note 12 - Tangible assets

USD'000

Carrying values	Fast Support Vessels	Southern Ocean	Machinery & other	Total
Carrying values per 1 January 2019	-	81.735	15.626	97.361
Additions		257	737	994
Disposals			(1.363)	(1.363)
Disposals depreciation			1.363	1.363
Depreciation tangible asset		(4.483)	(1.195)	(5.678)
Impairment/reversals				-
Carrying values per 31 December 2019	**-**	**77.510**	**15.168**	**92.677**

Vessel and Equipment	Fast Support Vessels	Southern Ocean	Machinery & other	Total
Historical Cost 1 January 2019	8.725	170.877	42.278	221.880
Additions		257	737	994
Disposals			(1.363)	(1.363)
Historical Cost 31 December 2019	**8.725**	**171.134**	**41.652**	**221.511**
Accumulated depreciation 1 January 2019	(8.725)	(22.566)	(14.226)	(45.517)
Depreciation		(4.483)	(1.195)	(5.678)
Disposals depreciation			1.363	1.363
Accumulated depreciation 31 December 2019	**(8.725)**	**(27.049)**	**(14.057)**	**(49.832)**
Accumulated impairments 1 January 2019		(66.576)	(12.426)	(79.002)
Impairments/reversals				-
Accumulated impairments 31 December 2019		**(66.576)**	**(12.426)**	**(79.002)**
Total carrying amount per 31 December 2019		**77.510**	**15.168**	**92.677**

Vessel and Equipment	Fast Support Vessels	Southern Ocean	Machinery & other	Total
Historical Cost 1 January 2018	8.725	169.557	42.193	220.475
Additions		1.320	267	1.587
Disposals		-	(182)	(182)
Historical Cost 31 December 2018	**8.725**	**170.877**	**42.278**	**221.880**
Accumulated depreciation 1 January 2018	(8.725)	(18.315)	(12.749)	(39.789)
Depreciation		(4.250)	(1.477)	(5.728)
Disposals depreciation		-	-	-
Accumulated depreciation 31 December 2018	**(8.725)**	**(22.566)**	**(14.226)**	**(45.517)**
Accumulated impairments 1 January 2018		(66.576)	(12.749)	(79.002)
Impairments/reversals				-
Accumulated impairments 31 December 2018		**(66.576)**	**(12.426)**	**(79.002)**
Total carrying amount per 31 December 2018		**81.735**	**15.626**	**97.361**

Depreciation rates	5-10 years	5-25 years	3-25 years	
Depreciation method	linear	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. There have not been costs related to own development and borrowing cost in 2019. The Construction Support Vessels (CSV's) and the Fast Support Vessels (FSV's) are financed and held for security. In April 2020, Oceanteam has agreed to non-possessory pledge's being placed on 2 of the 6 carousels classified under 'Machinery and other'. See note 18, loans and borrowings, for further information.

Impairment Testing

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

Construction Support Vessels (CSV's)

On a recurring basis, the CSV's are investigated for indications of impairment, and at a minimum every year an impairment test is performed, comparing the carrying amount with the recoverable amount (higher of CSV's fair value less costs of disposal and its value in use).

There are two vessels in this category. These being CSV Bourbon Oceanteam 101 and CSV Southern Ocean. CSV Bourbon Oceanteam 101 is owned by the equity accounted associate, Oceanteam Bourbon 101 AS. CSV Southern Ocean is owned by the subsidiary Oceanteam Bourbon 4 AS, which is 100 percent consolidated into Oceanteam group numbers. The value in use is derived from both observable and unobservable inputs. The values are based on the net present value of future cash inflows from estimated time charter rates and bareboat charter rates and cash outflows from operating expenses.

Estimated charter rates are based on current contracts, contracts which are negotiated and management estimates. Costs we have derived from historical figures and quotes from the market. Implied rates are calculated based on valuations provided by external brokers. Future cash flows are calculated from the reporting date until the end of the vessel's life and discounted using a weighted average costs of capital (WACC) to find the net present value. The net present value is the value in use.

Oceanteam have applied a WACC of 9,1 percent when testing the CSVs.

The calculated WACC has the following assumptions:

a) Risk free rate of 1.49% (10 year government bond from Norges Bank)
b) 39 / 61 ratio of equity /debt
c) 1,3 Equity Beta
d) Market risk premium 6.0%

Assumptions made in determining the recoverable amount of CSV Southern Ocean:

a) Vessel utilization of 77,5%
b) A significant increase in the hire rate from 2021
c) Increases to operating costs of 1.5% year on year
d) Dry dock costs between USD 3.8 and 2.5 every 5 years
e) Residual value of USD 10 million

The below parameters for CSV Southern Ocean have been determined by performing sensitivity analysis on a single variable at a time in the value in use calculation. These parameters indicate the limit of each variable before the vessel would be considered impaired.

Minimum consistent time charter day rate (USD)*	44.700
Minimum vessel utilisation	73,4%
Maximum WACC	9,9%

*the value in use calculation includes estimated time charter day rates which increase in 2021 and thereafter remain consistant.For the purpose of performing sensitivity analysis we have applied a consistent / flat time charter day rate from the beginning of 2020 onwards.

Machinery

Oceanteam have applied a WACC of 9,1 percent when testing the Machinery.

The calculated WACC has the following assumptions:

a) Risk free rate of 1.49% (10 year government bond from Norges Bank)
b) 50 / 50 ratio of equity /debt
c) 1,3 Equity Beta
d) Market risk premium 6.0%

Assumptions made in determining the recoverable amount of Machinery:

a) Machinery utilization of average utilization in 2018 and 2019 minus 10%
b) Increases in the hire rates of 2% year on year
c) Increases to operating costs of 2% year on year
d) Maintenance costs amounting to 5% of the machines' historic costs to be incurred every other year
e) Residual values of 10% of the machines' historic costs

Impairment scope:

1. Impairment reviews have been performed on all vessels within Oceanteam.
2. Impairment reviews have been performed on all tangible assets within the Oceanteam solutions segment.

The impairment tests of the CSV Southern Ocean resulted in no impairment being necessary for 2019. Value in use workings were performed and the fair value less costs to sell determined by obtaining external brokers valuations. Both the value in use and fair value less costs to sell were higher than the carrying value of the vessel as at 31 December 2019. Indicators that the impairment losses recognized in prior periods may no longer exist or may have decreased were assessed. This assessment concluded that no reversal of impairment should be recognized.

The impairment tests of Machinery resulted in no impairment being necessary for 2019. Value in use workings were performed which demonstrated that the value in use was in excess of the carrying values.

The two Fast Support Vessels, Mantarraya and Tiburon, were written down to nil in previous years and continue to have a carrying value of nil. It is highly doubtful that Oceanteam can recover the vessels from Venezuela.

Note 13 - Income taxes

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

Some companies operate under the Norwegian Tonnage Tax system.

USD'000

Tax income / (expense) comprises:	2019	2018
Tax charge on profit / loss for the year	-	-
Withholding taxes	(9)	(56)
Tonnage tax	(2)	(3)
Changes in deferred tax	(250)	-
Other changes	-	-
Deferred tax from equity transactions	-	-
Total income tax expense	**(261)**	**(59)**
Reconciliation of nominal and effective tax rate		
Ordinary profit / (loss) before income tax	(2)	905
Weighted average income tax rate*	24%	27%
Tax expected based on weighted average tax rate	1	(247)
Tax effect of:		
Net income from associates / joint ventures reported net of tax	514	517
Income taxable under Norwegian tonnage tax regime	296	1.233
Tonnage tax charge and withholding taxes	(11)	(59)
Expenses not deductible for tax purposes	(211)	(3.101)
Changes in temporary differences	52	(117)
Translation differences	(33)	(855)
Correction from previous periods	204	-
Utilisation of losses	-	2.576
Losses generated and not utilised	(1.072)	(5)
Income tax expense	**(261)**	**(59)**
Effective tax rate in %	-11854,1%	6,5%
Temporary differences:		
Fixed assets	(1.213)	(1.432)
Non-current receivables	-	-
Non current assets	-	-
Current assets	-	-
Profit and Loss account	60	76
Tax-deductible part of write-down	-	-
Taxable income from Subsidiairies	-	-

Effect foreign exchange on long-term liabilities	-	-
Other temporary differences	(859)	(868)
Total temporary differences	**(2.012)**	**(2.225)**
Losses carry forward	(207.242)	(206.584)
Total temporary differences and losses carried forward	**(209.255)**	**(208.809)**
Not Included in basis for tax calculation of deferred tax asset	205.255	203.809
Included in basis for tax calculation of deferred tax asset	4.000	5.000
Total temporary differences and losses carried forward	**209.255**	**208.809**
Deferred tax asset recogonised (2019: 25%, 2018: 25%)**	1.000	1.250

Tax losses and temporary differences for which no deferred tax asset was recognised expire as follows:

USD'000	2019	Expiry date	2018	Expiry date
Expire (the Netherlands)	19.960	2020 - 2025	19.453	2019 - 2027
Never expire (Norway)	185.294	n/a	184.356	n/a
Total	**205.255**		**203.809**	

*Domestic tax rates applicable to the Group vary from country to country. The weighted average income tax rate has been calculated by weighting the profit/(loss) before income tax made by each company in relation to the applicable domestic corporation tax rate.

**Oceanteam has recognized USD 1 million as a deferred tax asset relating to carry forward taxable losses for the operations in the Netherlands where the corporation tax rate is 25%. Oceanteam utilised USD 10.303 million of carried forward losses in the Dutch entities in 2018.

The deferred tax asset relates to the equipment business, and is based on latest forecast for this business segment. Plans indicate that there will be sufficient taxable profit to offset some of the tax loss carry forward during the period 2020-2025.

Contracts and budgeted revenue with customers gives convincing evidence to support the conclusion that the deferred tax asset can be recognized in the accounts. Foreign deferred tax assets are only recorded in tax note if it is expected that they can be utilised within the statute of limitations in their local jurisdiction.

Parent company Oceanteam ASA and other Norwegian entities in the group have suffered large tax losses. The basis for potential deferred tax loss is estimated to amount to USD 185 million as at 31 December 2019 for the Norwegian entities. Confirmation from the tax authorities for a cumulative carry forward tax loss of NOK 1.590 million (USD 181 million) for the year 2018 was received in October 2019. The deferred tax losses are not recognized in the balance sheet as there is uncertainty to what extent the losses can be offset against future profits. Carry-forward taxable losses do not have a statute of limitations under current Norwegian tax regimes.

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

The profit / loss from discontinuing operations is a not taxable income/expense.

Note 14 - Receivables

USD '000	2019	2018
Trade receivables at nominal value	2.272	2.766
Less: allowance for expected credit losses	0	(2)
Net trade receivables	**2.272**	**2.764**

Movements in the group allowance for expected credit losses of trade receivables are as follows:	2019	2018
At 1 January	2	6.329
Allowance for expected credit losses movement	(2)	(6.327)
At 31 December	**0**	**2**

Trade receivables - Ageing	**Due 1-30 days**	**Due 31- 60 days**	**Due 61- 90 days**	**Due > 90 days**	**Total**
Shipping	1.011	300	4	525	1.840
Solutions equipment handling and rental	126	114	26	165	432
Total trade receivables	**1.138**	**415**	**30**	**689**	**2.272**

Other receivables	2019	2018
Prepayments	34	165
Accrued Revenue	1.289	1.513
Receivable from the sale of KCI the Engineers B.V *	274	1.011
Receivables from JV's and associates	212	209
Other short term receivables	393	233
Other current receivables	**2.202**	**3.131**

The allowance for expected credit losses was assessed under the requirements of IFRS 9. Management concluded that no adjustment was required.

The reduction in the allowance for expected credit losses in 2019 is due to amounts included within trade receivables and the allowance for expected credit losses being netted off. These amounts have been netted off as Oceanteam is no longer pursuing payment of these trade receivables.

Trade receivables as at 31 December 2019 does not include transactions with parties in respect of which there has historically been allowances for expected credit losses.

***Movement Receivable from the sale of KCI the Engineers B.V**

000'USD	2019
Amount receivable as at 1 January 2019	1.011
Cash received in 2019	(724)
Foreign exchange loss	(14)
Amount receivable as at 31 December 2019	**273**

The Company received USD 0.14 million in February 2020 and expected the remaining 0.13 million early 2021.

Contract Receivables

The below tables includes assets relating to contracts with customers recognised under IFRS 15 'Revenue from Contracts with Customers'.

		Trade receivables		Accrued Revenue		Total	
USD '000	Segment	2019	2018	2019	2018	2019	2018
Mobilisation fees	Shipping	297	180	-	-	297	180
Crewing	Shipping	599	117	500	552	1.100	668
Management fees	Shipping	310	-	-	-	310	-
Suspension rate income	Shipping	-	1.747	-	-	-	1.747
Total Shipping contract assets		**1.206**	**2.044**	**500**	**552**	**1.706**	**2.595**
Crewing	Solutions	25	170	-	-	25	170
Total Solutions contract assets		**25**	**170**	**-**	**-**	**25**	**170**
Total contract assets		**1.231**	**2.214**	**500**	**552**	**1.731**	**2.766**

Lease receivables

The below table includes assets relating to lease agreements recognised under under IFRS 16 'Leases'.

		Trade receivables		Accrued Revenue		Total	
USD '000	Segment	2019	2018	2019	2018	2019	2018
Equipment and vessel hire	Shipping	874	139	745	961	1.619	1.100
Equipment and vessel hire	Solutions	167	410	43	-	211	410
Total lease receivables		**1.041**	**550**	**789**	**961**	**1.830**	**1.511**

Note 15 - Cash and cash equivalents

USD '000	2019	2018
Cash	4.827	7.729
Cash and cash equivalents	**4.827**	**7.729**
Of which is restricted deposits*	**3.290**	**5.537**

* Restricted deposits	2019	2018
Amounts within Oceanteam Bourbon 4 AS**	3.260	5.443
Legal issue with Alex van Doorn (EUR 54.200)	-	63
Tax deducted from employees, deposited in a separate bank account amounts to NOK 264.839 (2018: NOK 266.250)	30	31
Total	**3.290**	**5.537**

**Payment of dividends and other distributions that may be considered dividends from Oceanteam Bourbon 4 AS are subject to the prior approval of SpareBank 1 SMN in accordance with the loan agreement. The bank accounts within Oceanteam Bourbon 4 AS are jointly controlled by Oceanteam ASA and Bourbon Offshore Norway AS. Any payments have to be agreed upon by both JV partners.

Note 16 - Investments in Subsidiaries and other consolidated entities

USD '000

Overview subsidiaries:	Profit / (Loss) 2019	Equity / (Negative Equity)	Ownership percentage	Voting share	Head Office / Country of registration
Subsidiary companies:					
Oceanteam II B.V.	(1.621)	5.849	100%	100%	Amsterdam, Netherlands
RentOcean B.V	(314)	2.816	100%	100%	Amsterdam, Netherlands
North Ocean 309 AS	(12)	(944)	100%	100%	Baerum, Norway
Oceanteam Shipping Monaco SAM******	(15)	0	100%	100%	Monte Carlo, Monaco
Oceanteam Bourbon 4 AS*****	1.199	42.990	50%	60%	Baerum, Norway
2nd level Subsidiaries					
Oceanteam Shipping B.V.*	(1.445)	6.754	100%	100%	Amsterdam, Netherlands
Kingfisher Enterprise B.V*	(14)	(89)	100%	100%	Amsterdam, Netherlands
Oceanteam Shipping GmbH*	(4)	0	100%	100%	Wilhelmshaven, Germany
Oceanteam Mexico B.V.*	20	(1)	100%	100%	Amsterdam, Netherlands
3rd level Subsidiaries					
Oceanteam Mexico S.A. de C.V.****	20	(120)	90%	49%	Cd, del Carmen, Mexico
Oceanteam Solutions B.V.**	(24)	5	100%	100%	Amsterdam, Netherlands
Oceanteam GmbH**	-	-	100%	100%	Wilhelmshaven, Germany
4th level Subsidiary					
Oceanteam Power & Umbilical GmbH***	-	-	100%	100%	Wilhelmshaven, Germany

Refer to Note 18 for details of restrictions in place in consolidated entities.

The group consolidated financial statements include parent company Oceanteam ASA and 13 subsidiaries.

KCI International B.V changed its name to Kingfisher Enterprise B.V in 2018.

* The shares are directly owned by Oceantem II B.V. a subsidairy of Oceanteam ASA

** The shares are directly owned by Oceanteam Shipping B.V. a subsidiary of Oceanteam II B.V.

*** The shares are directly owned by Oceanteam GmbH, a subsidiary of Oceanteam Shipping B.V.

**** Oceanteam Mexico B.V, a subsidiary of Oceanteam II B.V, holds 49% of the ordinary shares in Oceanteam Mexico S.A. de C.V. however, between its ordinary shares and class N shares it holds 90% of the equity in the company. The class N shares don't give the same voting rights as ordinary shares but do give voting rights on matters including; amendments to the purpose of the to this company and sets the policies and strategy. On this basis Oceanteam ASA is considered to have control of Oceanteam Mexico S.A. de C.V.

***** Oceanteam Bourbon 4 AS has a material non-controlling interest of 50% illustrated in table below.

****** Oceanteam Shipping Monaco SAM is liquidated in 2020.

USD '000

	Oceanteam Bourbon 4 AS
Operating segment	Shipping
Principal place of business	Baerum, 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.

	Oceanteam Bourbon 4 AS	
USD '000	2019	2018
Operating income	12.678	15.893
Operating expenses	(9.810)	(8.547)
Net finance costs	(1.658)	(1.985)
Tax on ordinary result	11	(59)
Net profit / (loss) for the year	**1.199**	**5.302**
Adjustments made at group level:	(100)	(100)
Net profit / (loss) for the year	**1.100**	**5.203**
Other comprehensive income	-	-
Total comprehensive income	**1.100**	**5.203**
Profit / (loss) attributable to non-controlling interests	**550**	**2.601**
Current assets	6.742	9.421
Non-current assets	61.491	65.617
Current liabilities	(25.242)	(33.247)
Non-current liabilities	-	-
Net assets	**42.990**	**41.791**
Adjustment made at group level:	16.019	16.118
Net assets	**59.009**	**57.909**
Net assets attributable to non-controlling interests	**29.504**	**28.955**

*Oceanteam ASA controls the day to day operations of Oceanteam Bourbon 4 AS however any decisions including the transfer of assets, cash or declaration of dividends, has to be jointly decided upon by both JV partners, Oceanteam ASA and Bourbon Offshore Norway AS. Oceanteam Bourbon 4 AS has a credit and guarantee facility agreement with several banks which has various covenants including minimum free cash of USD 500.000.

The consolidated group's total cash consists of USD 4.8 million out of which USD 3.3 million belongs to Oceanteam Bourbon 4 AS.

See notes 15 and 18 for further details.

In December 2014 the shareholders' agreements between Oceanteam ASA and Bourbon Offshore Norway AS regarding the companies Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS were amended. The result of the amendment was that Bourbon Offshore Norway AS acquired control over Oceanteam Bourbon 101 AS, and that Oceanteam ASA acquired control over Oceanteam Bourbon 4 AS. The change became effective from 1 January 2014. (agreements are dated 15 May 2014).

After the amendment equity interest still remained 50 percent, voting rights on shareholders level are equal, voting rights in the board are 2/5 Bourbon Offshore Norway AS and 3/5 Oceanteam ASA. The control is currently also affirmed by Oceanteam ASA being represented by three of a total of five directors on the company's board. However 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.

Note 17 - Share capital and shareholder information

Share capital Per 31.12.2019

As per 31.12.2019, the share capital of the Company is NOK 197.448.290 (USD 24.403.333) divided into 34.338.833 shares with a nominal value of NOK 5,75 (USD 0,74). All shares are given equally voting rights.

Oceanteam owns a total of 127.573 own shares representing 0,4% of the shares in the Company. The calculations are made on the basis of 34.338.833 shares in the Company.

Shareholders	Notes	Number of shares	Percentage of total
Euroclear Bank S.A./N.V.		17.826.889	51,9%
UBS Switzerland AG	2	6.691.942	19,5%
State Street Bank and Trust Comp		1.826.012	5,3%
SIX SIS AG		1.481.392	4,3%
Pictet & Cie (Europe) S.A.		923.772	2,7%
HESSEL HALBESMA	1	756.307	2,2%
The Bank of New York Mellon SA/NV		658.167	1,9%
CLEARSTREAM BANKING S.A.		451.060	1,3%
Citibank Europe plc		281.063	0,8%
HAUSTKOLLHOLMEN AS		225.000	0,7%
BNP Paribas Securities Services		140.687	0,4%
OCEANTEAM ASA		127.573	0,4%
PERSHING LLC		106.549	0,3%
Geir Bjørndalen		106.087	0,3%
MOMO INVEST AS		102.254	0,3%
HANDEL PARTNER AS		100.000	0,3%
ØYTOSIKI AS		98.508	0,3%
ANDREAS BJERLØV KARLSEN		86.957	0,3%
NORDNET LIVSFORSIKRING AS		79.852	0,2%
ROLF NESHEIM		75.000	0,2%
Subtotal 20 largest		**32.145.071**	**93,6 %**
Others		2.193.762	6,4%
Total		**34.338.833**	**100,0 %**

Shareholders	Notes	Number of shares	Percentage of total
Board:			
Hessel Halbesma (Former Chairman)	1	756.307	2,2 %
Kornelis Jan Willem Cordia (Chairman)	2	6.590.517	19,2 %
Total		**7.346.824**	**21,4 %**

1. Former Chairman, Hessel Halbesma personally owns 756.307 shares.

2. Through UBS Switzerland AG, Kornelis Jan Willem Cordia, Chairman of Oceanteam ASA, owns 6.590.517 shares."

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

Note 18 - Loans and Borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows including interests representing nominal value at payment date. There are no net-settled derivative financial liabilities.

USD ´000

At 31 December 2019	Q1	Q2	Q3-Q4	Over 1 year	Total
Total outstanding on loans	21.961	3.143	-		25.105
Total outstanding on loans	**21.961**	**3.143**	**-**	**-**	**25.105**

	0 to 1 years	1 to 2 years	2 to 5 years	over 5 years	Total
At 31 December 2018					
Total outstanding on loans	33.015				33.015
Total outstanding on loans	**33.015**	**-**	**-**	**-**	**33.015**

Loans/ Currency of loans		True rate of interes	Description	31.12.19	31.12.18
Oceanteam ASA (USD)	Unsecured***	Interest 7%	Stichting Value Partners Family Office	1.572	1.572
Oceanteam ASA (USD)	Unsecured***	Interest 7%	Corinvest B.V.	1.570	1.503
CSV Southern Ocean (USD)	Secured	LIBOR + margin	*SpareBank 1 SMN Bank USD 81 million	22.275	30.375
**Borrowing costs				(314)	(435)
****Total short-term debt**				**25.105**	**33.015**

* The loan is classified as a short-term debt as the loan is in a cross-default position.

** Borrowing costs related to the refinancing of the loan have been capitalised and classified as a reduction of debt.

***As at the year end, the loans were unsecured. In April 2020, Oceanteam and the lenders have agreed that interest which was due in April 2020 will be postponed until October 2020 subject to the provision of security by Oceanteam to the lenders in the form of a non-possessory pledge by 1 June 2020. Both Stichting Value Partners Family Office and Corinvest B.V will receive a pledge on one carousel each. The carousel's are owned by Oceanteam Shipping B.V.

The total carrying value of the two carousels, as at 31 December 2019, was USD 6.1 million.

The CSV vessels and various equipment are collateral for the SpareBank 1 SMN Bank loan. The carrying amount of CSV Southern Ocean is USD 77,5 million per 31 December 2019.

The Senior Callable Bond and accrued interest were converted into equity in 2018.

Financial costs	2019	2018
CSV Southern Ocean (USD)	1.754	2.099
Bond loan (USD)*	-	1.470
Bond loan other (USD)**	(0)	2.099
Other loans (USD)	210	-
Lease liabilities interest expense	39	-
Other	39	58
Total interest costs	**2.041**	**5.726**

*Included within Bond loan in 2018 is USD 1.0 million relating to interest and USD 0.5 million relating to other financial cost.

**Included within Bond loan other in 2018 is USD 1.8 million relating to amortization of the effect from the derecognition and new recognition of the bond loan related to the amendment of terms in June 2017. The remaining USD 0.3 million relates to the loss on conversion of the bond loan.

Total loan facilities

As per 31 December 2019 the total interest bearing debt of the Group is USD 25.1 million. The Group had free cash of USD 1.6 million. The equity ratio was 74,2 percent per balance sheet date.

Loans in consolidated group companies

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

All amounts below are presented on 100 percent basis. 100% is included in the group accounts since this is a consolidated subsidiary.

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 81 million with Sparebank 1 SMN Bank, DVB Bank SE Nordic and NIBC Bank N.V as lenders and Sparebank 1 SMN as facility agent. The balance of the loan per 31 December 2019 is USD 22.3 million. The current interest is 3 month LIBOR + 3,75 % margin p.a. The loan is repaid in quarterly instalments of USD 2.025 million.

The borrowers have exercised their right to defer instalments effective 31.12.2019. The deferral period will end, at the latest, 12 months after 31.12.2019. The deferred instalments will be blocked on the borrowers USD-account and only released for the purpose of payment of the CAPEX/dry docking of the vessels. If the borrows have sufficient surplus cash, two instalments are likely to take place in the second half of 2020.

The loan has a final maturity date of 17 July 2022. As it is expected that two instalments due in 2020 will be deferred, it is expected that a balloon payment equivalent to three instalments will need to be made on 17 July 2022.

Key loan covenants for the borrower include:
> Free cash of minimum USD 500.000
> Working capital to be positive at all times. First year instalments are deducted from short term liabilities.
> Market value adjusted Equity of minimum 25%
> Vessel Value / Loan balance, minimum 135%

Other key loan covenants include:
> Market value adjusted Equity of minimum 25% of total value adjusted assets (OTS Group, reporting quarterly)
> Market value adjusted Equity of minimum 25% of total value adjusted assets (BON, reporting semi-annually)

The loan has been classified as due in Q1 2020 due to the fact that an event of default gives the bank the right to demand immediate repayment of the loan in full. The loan has been in cross default for several years. The bank has allowed, and is expect to continue to allow, the repayment of the loan as if no event of default has occurred.

As of the balance sheet date and the reporting date, the Group is in full compliance of the agreement, but cross default.

Stichting Value Partners Family Office - USD 1.500.000 - Oceanteam ASA

Oceanteam ASA entered into a loan agreement on 23 April 2018 with Stichting Value Partners Family Office for the amount of USD 1.5 million. The loan is unsecured and attracts interest of 7% per annum. The repayment date was 6 months after the granting the loan. The loan maturity has been extended to April 2021 pursuant to an amendment to the loan agreement dated 3 March 2020. As at the year end, the loan was unsecured. In April 2020, Oceanteam and Stichting Value Partners Family Office agreed that interest which was due in April 2020 will be postponed until October 2020 subject to the provision of security by Oceanteam to the lender in the form of a non-possessory pledge by 1 June 2020. The pledge will be on a carousel owned by Oceanteam Shipping B.V

Corinvest B.V. - USD 1.500.000 - Oceanteam ASA

Oceanteam ASA entered into a loan agreement on 21 December 2018 with Corinvest B.V. for the amount of USD 1.5 million. The loan is unsecured and attracts interest of 7% per annum. The loan had a repayment date of 12 months after the granting the loan. The loan maturity has been extended to April 2021 pursuant to an amendment to the loan agreement dated 3 March 2020. As at the year end, the loan was unsecured. In April 2020, Oceanteam and Corinvest B.V. agreed that interest which was due in April 2020 will be postponed until October 2020 subject to the provision of security by Oceanteam to the lender in the form of a non-possessory pledge by 1 June 2020. The pledge will be on a carousel owned by Oceanteam Shipping B.V.

Loans in associated group companies

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

The company was in breach related to the minimum build up of 1/3 of next instalment/interest on monthly basis to serve next quarterly debt service. This is technically an event of default. An event of default gives the bank the right to demand immediate repayment of the loan in full. The loan has been in cross default for several years. The bank has allowed, and is expect to continue to allow, the repayment of the loan as if no event of default has occurred.

Note 19 - Liabilities

USD'000

Trade payables	Current	Due 30-60 day	Due 61-90 days	Due > 120 days	Total
Shipping	266	424	8	100	798
Solutions equipment handling and rental	334	6	-	2	342
Total trade payables	**600**	**430**	**8**	**102**	**1.140**

Aging above provides information on overdue status of invoices for the group companies.

Provisions	2019	2018
Provisions	544	-
Total provisions	**544**	**-**

Provisions relates to disputed brokers fees which are pledged by the Dutch tax authority. This amount was classified under trade payables as at 31 December 2018. In 2019 this has been reclassified to provisions.

Other payables	2019	2018
Incurred interest cost	267	392
Holiday and wages due	64	84
Preinvoicing	58	59
JV Partner balance	1.065	1.065
Other short term debt	2.180	1.628
Total other current liabilities	**3.635**	**3.228**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Included within trade payables, as at 31 December 2018, is an amount payable to 4C Offshore Ltd of USD 404.453 which was being disputed at the 2018 year end. The dispute was settled in 2019 by Oceanteam paying USD 385.700.

Contract Liabilities

The below tables includes liabilities relating to contracts with customers recognised under IFRS 15 'Revenue from Contracts with Customers'.

		Preinvoicing	
USD '000	Segment	2019	2018
Management fees	Shipping	6	6
Management fees	Solutions	53	53
Total contract liabilities		**58**	**59**

Note 20 - Related party transactions

Cenzo BV

Cenzo is controlled by Catharina Petronella Johanna Pos, former director of Oceanteam ASA. Transactions consists mainly of invoicing of board fees and other consulting services provided to the Company. Please refer to note 8 for more details.

Feastwood Holding Ltd (1)

Feastwood Holding Ltd is controlled by Hessel Halbesma, former chairman of Oceanteam ASA and Haico Halbesma, former CEO of Oceanteam ASA. Transactions consist of invoicing for services provided by Hessel Halbesma and recharges related to disbursements. These services provided include board services, providing exclusive access to his network and long time business partners, maintenance and development of partnership arrangements, sourcing and strategic development related to financing the group, Intellectual property expansion, initiation and steering of change management and general support to various management functions within the group. Refer to note 8 for more details.

Heer Holland BV

Heer Holland BV is controlled by Haico Halbesma, former CEO of Oceanteam ASA. Transactions consists mainly of invoicing of monthly management services. Refer to note 8 for more details.

4C Offshore Ltd

4C Offshore Ltd is controlled by Hessel Halbesma, former chairman of Oceanteam ASA and Haico Halbesma, former CEO of Oceanteam ASA. The transactions with 4C Offshore Ltd consist mainly of invoices for consultancy work, IT maintenance and licensing fees.

Seaconomy B.V.

Seaconomy B.V. provided key management personnel services in 2018 through former CEO, Meindert Van Genderen. Transactions include management fees and the recharge of travel expenses. The management agreement was from March 2018 - April 2018. Refer to note 8 for more details.

Marstrat B.V.

Marstrat B.V provided key management personnel services in 2018 through former CEO, Meindert Van Genderen and former director / former interim CEO Diederik Legger.

Meindert Van Genderen had an interim management agreement from May 2018 - August 2018.

Diederik Legger had an interim management agreement from June 2018 - August 2018 and has an agreement in respect of advisory services which runs for 2 years from September 2018 and is terminated on 31 January 2019

Refer to note 8 for more details.

DTN Noordwijk B.V.

DTN Noordwijk B.V. is controlled by Hendrik Hazenoot, Interim CFO of Oceanteam ASA. Transactions include invoicing of management fees and recharges for travel expenses. Refer to note 8 for more details.

Invaco Management B.V.

Invaco Management B.V. is controlled by Kornelis Jan Willem Cordia, Chairman of Oceanteam ASA. Transactions relate to the recharge of travel expenses.

Maas Technical Management B.V.

Maas Technical Management B.V. is controlled by Hendrik ten Hoeve, Managing Director of Oceanteam Solutions. Transactions include invoicing of management fees and recharges for travel expenses. Refer to note 8 for more details.

Oliley B.V.

Oliley B.V. is controlled by Karin Antoinette Yvonne Govaert, director of Oceanteam ASA. Transactions consists mainly of invoicing recharges for travel expenses.

Josco Strategisch Advies

Josco Strategic Advies is controlled by Hendrik Johannes Jesse, director of Oceanteam ASA. Transactions consist mainly of invoicing for strategic advisory services.

J. Hofland B.V.

Former interim CEO, Diederik Legger, provided advisory services to the board of directors of Oceanteam through J. Hofland B.V. Transactions include invoicing advisory fees. The agreement has been terminated per 10 February 2020.

USD '000

	Income/recharged expense		Cost		
Company	2019	2018	2019	2018	Type of transaction
Cenzo BV	-	-	-	(17)	Other services than Board committee
Feastwood Holding Ltd (1)	-	28	-	(49)	see above
Heer Holland BV	-	-	-	(111)	see above
4C Offshore Ltd	-	-	-	(38)	see above
Seaconomy B.V.	-	-	-	(29)	see above
Marstrat B.V (Meindert Van Genderen)	-	-	-	(47)	see above
Marstrat B.V (Diederik Legger)	-	-	(3)	(58)	see above
DTN Noordwijk B.V.	-	-	(118)	(94)	see above
Invaco Management B.V.	-	-	-	(4)	see above
Maas Technical Management B.V.	-	-	(165)	-	see above
Oliley B.V.	-	-	(10)	-	see above
Josco Strategisch Advies	-	-	(58)	-	see above
J. Hofland B.V (Diederik Legger)	-	-	(45)	-	see above

USD '000

	Amounts receivable		Vendor & accrued balance	
Company	2019	2018	2019	2018
4C Offshore Ltd	-	-	-	(404)
Seaconomy B.V.	-	-	-	(7)
Marstrat B.V (Diederik Legger)	-	-	-	(11)
DTN Noordwijk B.V.	-	-	(10)	(10)
Maas Technical Management B.V.(Hendrik ten Hoeve)	-	-	(100)	-
Oliley B.V.	-	-	(2)	-
Josco Strategisch Advies	-	-	(59)	-
J. Hofland B.V. (Diederik Legger)	-	-	(17)	-

In April 2018 a settlement agreement was signed between Oceanteam ASA and its affiliates and Haico Halbesma, Hessel Halbesma, Feastwood Holding Ltd, Feastwood Holdings Limited, Heer Holland B.V., Toha Invest B.V. and Challenger Management Services S.A.M. Refer to the consolidated statement of changes in equity for further details.

Transactions with Group companies

USD '000

	Crane Hire expense		Interest Income		Management fee income	
Company	2019	2018	2019	2018	2019	2018
Oceanteam Bourbon 101 AS					350	350
Oceanteam Bourbon Investments AS*	(84)	(1.260)	(3)	8	30	12

Only transactions with non-consolidated companies are disclosed above. See note 20 in the parent financial statements for details of transactions between Oceanteam ASA and all group companies.

*The equity accounted associate, Oceanteam Bourbon Investments AS, has charged the fully consolidated subsidiary, Oceanteam Bourbon 4 AS amounts in respect of crane hire. Refer to note 7 for further details.

Stichting Value Partners Family Office

Stichting Value Partners Family Office is controlled by Mr Hendrik Marius van Heijst. During 2019, Mr Hendrik Marius van Heijst has held a shareholding in Oceanteam ASA of greater than 20% and is therefore considered to have significant influence. In April 2018 a loan was issued by Stichting Value Partners Family Office.

Corinvest B.V.

Corinvest B.V. is controlled by Kornelis Jan Willem Cordia, chairman of the board. In December 2018 a loan for USD 1.5 million was issued by Corinvest B.V. See note 18 for further details.

USD '000

	Loans		Accrued interest on loans	
Company	2019	2018	2019	2018
Stichting Value Partners Family Office	1.500	1.500	72	72
Corinvest B.V.	1.500	1.500	70	3

Refer to note 18 for more details.

Note 21 - Contingent liabilities

There is an ongoing employment dispute with former employee Mr. A. van Doorn (former Managing director Solutions). Oceanteam has won the court case but Mr. A. van Doorn appeals. This is yet to be resolved.

Note 22 - Contingent assets

The fully consolidated subsidiary, Oceanteam Bourbon 4 AS, filed an insurance claim due to loss of hire in 2019. A prepayment was paid by the insurance company in 2019 which has been recognised as income in 2019 due to the fact that it is considered virtually certain that Oceanteam will receive this part of the insurance payment.

The final total settlement amount is yet to be decided upon by the insurance company. Management consider it probable that the final settlement amount will be in excess of the prepaid amount however this is dependant on the outcome of the insurance claim investigation. No other amounts have been recognised as income in 2019 other than the prepayment amount.

Note 23 - Guarantees

A parent company guarantee from Oceanteam ASA has been granted to the buyers of KCI the Engineers BV effective for a period of 60 months from January 2018 with a maximum liability of EUR 700.000.

Oceanteam ASA is one of three guarantors for the loan in the equity accounted associate, Oceanteam Bourbon 101 AS, and the fully consolidated subsidiary, Oceanteam Bourbon 4 AS. There is an unconditional and irrevocable pro rata on-demand guarantee for the balance of the loans. Refer to note 18 for further details.

Note 24 - Events after the balance sheet date

Management Oceanteam

On 1 February 2020 Mr. Henk van den IJssel succeeded Mr. Leidus Bosman as CEO of Oceanteam ASA.

JV Partner Bourbon

In relation to the situation of our partner and co-shareholder in the shipping companies Bourbon, we kindly refer to their webpage (www.bourboncorporation.com) and specially to their press release of 11 February 2020. In Q4 2019 all of the assets and activities of Bourbon Corporation were sold to Societé Phoceené (SPP), which became the new shareholder of Bourbon Maritime and owner of BOURBON brands. The direct co-shareholder in our joint venture companies is Bourbon Offshore Norway AS which is currently not affected by the corporate restructuring in the Bourbon Group.

Loan extensions

In March 2020, both Corinvest B.V. and Stichting Value Partners Family Office have agreed to amend the repayment date of the loans to April 2021. Oceanteam has chosen to defer the repayment of the loans due to the tight cash flow partly caused by the lack of contracts.

Oceanteam Solutions

Oceanteam Solutions has entered into a three-year agreement for rental of its 4.000t carousel for the ultimate client Global Marine Group. The client has the option to extend this agreement with a total of five years. The project started end of February 2020.

Oceanteam Solutions has been awarded a contract for providing a major cable manufacturer with a barge equipped with a cable transport and storage spread including a 2.000t carousel for the remainder of 2020 with possible extensions into 2021.

Investigation

Since 2018 Oceanteam is subject to public investigation initiated by the Norwegian courts upon request of minority shareholders covering the period 2013-2017. The investigation entails the verification of several related party transactions in the mentioned period and if minority shareholder interests have not been impeded. In accordance with the resolution of the annual general meeting of Oceanteam held on 23 May 2019 to file a petition for stopping the ongoing public investigation of certain transactions between the investigation and its management, the Bergen District Court has ruled on 4 October 2019 that the public investigation shall stop and the report of the investigator is to be submitted to the court in accordance with the rules of section 5-28 of the Public Limited Liability Companies Act for convening of a general meeting to deal with the report. Oceanteam has made substantial payments as security for the investigator's costs. The total pre-paid security from the first quarter 2018 to the end of 2019 was NOK 9 million. The final costs for the investigation presented by the investigator and awarded by the Bergen Court were NOK 13,738,438. Oceanteam appealed the court decision and is, per the date of this report, awaiting ruling on the appeal. Oceanteam has made a provision for the remaining amount in the 2019 figures.

Oceanteam Shipping

Oceanteam is actively pursuing new work for its vessels for the period after expiry of their current contracts. The same is done by its partner Bourbon. With respect to the CSV 101, the current firm charter contract with Total has been extended until end of Q2 2020.

Coronavirus (COVID-19)

Coronavirus (COVID-19) disease has spread globally since 2019 resulting in the coronavirus pandemic. While the majority of cases result in mild symptoms, some progress to pneumonia and multi-organ failure. Standard recommendations to prevent infection spread include regular hand washing and to avoid close contact. Many countries have now advised against or prohibit travel and advise to work from home to prevent spreading.

Oceanteam is, like almost all businesses, affected by the coronavirus pandemic. Almost all Oceanteam employees have been working from home since the outbreak of the coronavirus. This has had little to no impact on Oceanteam's operations as digital interaction tools and remote access to our server system were already in place.

Oceanteam's vessels have been and continue to be offshore and therefore have so far not been impacted by the outbreak. Any impact to the Q1 2020 performance of the group, as a result of the outbreak, has been negligible.

The fall in demand for oil which started in China has now begun to spread to economies throughout the world as the coronavirus continues to spread and governments implement further restrictive measures.

In addition, the ongoing oil price strategy dispute between Russia and Saudi Arabia adding to oversupply in the market has, and will continue to, put further downward pressure on oil prices.

The deeply imbalanced supply and demand relationship are likely to keep oil prices under pressure. The fall in oil prices could lead to a decrease in offshore installation activity impacting Oceanteam's ability to secure future contracts

Oceanteam could, in the opinion of the Board be affected by delays at ports due to quarantine. Our customers could also be impacted which could affect payment of receivables resulting in liquidity issues.

At the time of preparation of the annual accounts, it is not yet possible to make a reliable estimate of the consequences this outbreak will have on the Group's financial position.

How the outbreak will affect the assumption of going concern will depend on how long the situation will last, what measures the authorities will take, and how the aforementioned risks will actually affect the Group. However, based on the situation and the information that is available at the present time, the Board of Directors considers it reasonable to use the assumption of going concern in the preparation of the annual accounts.

25 - Earnings per share

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

	2019	2018
Net Profit	**687**	**(95)**
Shares per 1 January	789.793	29.593
Reversed split	(755.454)	-
Holding of own shares 1 January	(2.934)	(2.934)
Reversed split	2.807	-
Issued during the year	-	760.200
Shares 31 December	34.339	789.793
Own shares 31 December	(128)	(2.934)
Weighted average of shares during the year	**34.211**	**496.947**
Earnings per share (USD)	**0,02**	**(0,00)**
Earnings per share (NOK)	**0,18**	**(0,00)**

Diluted earnings per share is the same as the basic earnigs per share since the effect of the shares issuable under Employee & Executive share based payments is considered anti-dilutive (that is it increases basic earnings per share).

On 4 December 2019 the reversed share split in the ratio 23:1 has been registered with the Norwegian Register of Business Enterprises in accordance with the resolution of the EGM whereas 23 old shares have been consolidated into one new share with a nominal value of NOK 5,75. Following the reversed share split the share capital of the Company is NOK 197,448,289.75 divided into 34,338,833 shares with a nominal value of NOK 5,75 each. Treasury shares consist a number of 127.573 shares after the reversed split.

Refer to note 17 for Share Capital and Shareholders information and the consolidated statement of changes in equity for further information regarding the shares issued during the year.

Note 26 - Investment in joint ventures and associates

USD'000

Investments in joint ventures and associates	Investment in Oceanteam Bourbon 101 AS	Investment in DOT Shipping Group	Investment in Oceanteam Bourbon Investments AS	Total
Type of investment	**Associate**	**Joint venture**	**Joint venture**	
Carrying amount of investment per 31 December 2018	14.865			14.865
Net result from investment in 2019	2.106			2.106
Total carrying amounts 31 December 2019	**16.971**	**-**	**-**	**16.971**

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

DOT Shipping Group was sold in March 2019. Oceanteam Bourbon Investments AS is equity accounted for with nil value in the Oceanteam Group figures.

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. The Group has classified its interest in Oceanteam Bourbon 101 AS as an associate, which is equity accounted for.

	Oceanteam Bourbon 101 AS
Nature of relationship with the Group	Vessel CSV Bourbon Oceanteam 101
Principal place of business	Baerum, Norway
Ownership interest	50%
Voting rights held in board of directors	40%*

The following is summarised financial information for Oceanteam Bourbon 101 AS based on USD as the functional currency modified for any differences in the Group's accounting policies.

*In December 2014 the owning parties agreed to change the shareholders' agreement for Oceanteam Bourbon 101 AS. Oceanteam ASA have two of a total of five directors on the board, which is the basis 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	
	2019	2018
Revenue	14.341	14.426
Profit before tax	4.215	3.781
Tax	(2)	(3)
Net result	**4.212**	**3.778**
Current assets	9.952	6.755
Non current assets	47.002	51.028
Current liabilities	(23.012)	(28.053)
Non-current liabilities	0	
Net assets	**33.942**	**29.730**

In USD '000	Oceanteam Bourbon 101 AS	
	2019	2018
Group's interest in net assets of investee at beginning of year	14.865	10.549
Conversion of debt to equity		2.427
Total profit / loss attributable to the Group	2.106	1.888
Total other comprehensive income attributable to the Group		
Dividends received during the year		
Carrying amount of interest in investee at 31 December	**16.971**	**14.865**

Note 27 - Assets held for sale and discontinued operations

DOT Group

Negotiations between Oceanteam and its Mexican partner Diavaz regarding the sale of Oceanteam's shares in and receivables from DOT Group began late in 2018. Oceanteam's investment in DOT Group and receivables from DOT Group were consequently presented as held for sale as at 31 December 2018. Immediately before the initial classification of the assets as held for sale, the carrying amount of the assets were measured in accordance with the applicable IFRSs. The Investment in DOT Group was accounted for applying the equity method in accordance with IAS 28 resulting in the carrying value being nil. The receivables were accounted for in accordance with IFRS 9 resulting in the carrying value being nil.

After classification as held for sale, the assets held for sale, in accordance with IFRS 5 were measured at the lower of their carrying amount and fair value less costs to sell. This being nil.

Oceanteam's share of the profit in DOT Group in 2018 is nil as the share of losses not recognised is greater than the share of the profits. The share of profit recognised of nil is classified in the consolidated statement of profit or loss and other comprehensive income under discontinued operations.

The final purchase agreements were signed in March 2019. The settlement amount was USD 950.000 which was received in full in March 2019.

DOT Group was classified within Oceanteam's Shipping operating segment.

000'USD

Assets classified as held for sale	2019	2018
Investment in associates and joint ventures (DOT Group)	-	-

Liabilities directly associated with assets classified as held for sale	2019	2018
Investment in associates and joint ventures (DOT Group)	-	-

Financial performance of discontinued operation	2019	2018
Net income from associates/joint ventures (DOT Group)	950	-

As DOT Group is equity accounted for and the cash flows are immaterial to Oceanteam in 2018 and 2019, cash flow information has not been disclosed.

Note 28 - Alternative Performance Measures

Oceanteam's Group financial statements are prepared in accordance with international financial reporting standards (IFRS). Oceanteam discloses various alternative performance measures as a supplement to the financial statements. The alternative performance measures are used to provide additional insight into the operating performance, financing and prospects of the Group. Such measures are often used by various interested parties.

Definitions of these measures are as follows:

EBIT	'Earnings before interest and tax' is the same as 'Operating profit (loss)'

EBITDA 'Earnings before interest, tax, depreciation and amortisation' is 'Operating profit (loss)' less 'Depreciation and amortisation' and 'Write off / Impairment'

USD '000	2019	2018
Operating profit / (loss)	2.020	6.517
Depreciation and amortisation	5.772	5.728
Write off / Impairment	10	(42)
EBITDA	**7.803**	**12.203**

SG&A 'Selling, general & administration' is the sum of 'Personnel costs' and 'General & administration'

USD '000	2019	2018
Personnel costs	(2.123)	(2.478)
General & administration	(2.194)	(3.086)
SG&A	**(4.317)**	**(5.564)**

Equity ratio 'Total equity' divided by 'Total assets'

USD '000			2019
Total equity	89.442	=	74%
Total assets	120.541		

USD '000			2018
Total equity	88.755	=	70%
Total assets	127.101		

Operating margin 'EBITDA' divided by 'Total operating income'

USD '000			2019
EBITDA	7.803	=	43%
Total operating income	17.985		

USD '000			2018
EBITDA	12.203	=	48%
Total operating income	25.259		

Current ratio 'Total current assets' divided by 'Total current liabilities'

USD '000			2019
Total current assets	9.301	=	0,30
Total current liabilities	30.588		

USD '000			2018
Total current assets	13.625	=	0,36
Total current liabilities	38.346		

Utilisation (Vessels) Proportionally, the number of days in a calendar year in which the vessel is on contract with a customer and earning the full on-hire day rate. Days in which the vessels earn a reduced performance day rate are counted as a fraction of a full day of utilisation.

Utilisation (Equipment) The average utilisation of Oceanteam Solutions' equipment.

For each item of equipment, this is calculated as proportionally the number of days in a calendar year in which the item of equipment is on contract with a customer and earning the operating day rate.

Contracted The period for which a customer has committed to hire out one of Oceanteam's assets. This does not include options which have not yet been exercised.

Interest bearing debt Amounts shown under 'First year instalments' all which attract interest.

Capital Expenditures Purchased fixed assets shown as 'Additions' in note 12.

10. FINANCIAL STATEMENTS PARENT

Income Statement

01.01 - 31.12

USD '000	Notes	2019	2018
Operating expenses			
Payroll expenses	3, 14, 19	912	1.313
Depreciation	7	41	14
Other operating expenses	16, 20	798	1.509
Total operating expenses		**1.750**	**2.835**
Operating profit / (loss)		**(1.750)**	**(2.835)**
Financial Income and expense			
Profit on investment in joint ventures, subsidiaries and associates	2, 4	103	-
Interest from group companies	4, 20	252	71
Foreign exchange result	4	(20)	49
Write-offs, reversal of write-offs and forgiven debt	4, 9	698	(5.847)
Other financial expenses	4	(63)	(605)
Interest expense	4, 19	(210)	(968)
Net finance		**759**	**(7.301)**
Profit / (loss) before income tax		**(991)**	**(10.136)**
Tax on ordinary income	5	-	-
Net Profit / (loss)		**(991)**	**(10.136)**
Attributable to:			
Other equity	13	(991)	(10.136)
Total		**(991)**	**(10.136)**

Statement of financial position 31 December 2019

Assets

USD ‘000	Notes	2019	2018
Non-current assets			
Tangible assets			
Office equipment	7	6	41
Total tangible assets		**6**	**41**
Financial assets			
Investments in joint ventures and subsidiaries	8	10.145	10.160
Loans to group companies	9	9.668	11.110
Investments in associates	8	2.718	2.718
Total financial assets		**22.532**	**23.988**
Total non current assets		**22.538**	**24.029**
Current assets			
Receivables			
Other receivables	10	7	5
Accounts receivable	10	70	-
Total receivables		**77**	**5**
Cash and cash equivalents	11	387	55
Total current assets		**464**	**60**
Total assets		**23.002**	**24.089**

Statement of financial position 31 December 2019

Equity and liabilities

USD ‘000	Note	2019	2018
Equity			
Owners equity			
Share capital	12, 13	25.403	50.807
Holdings of own shares	12, 13	(128)	(256)
Share premium reserve	13	23.526	23.526
Total owners equity		**48.801**	**74.077**
Accumulated profits			
Other equity	13	(30.295)	(54.579)
Total accumulated profits		**(30.295)**	**(54.579)**
Total equity		**18.506**	**19.498**
Liabilities			
Current liabilities			
Loans and borrowings	10, 19	3.143	3.075
Accounts payable	10	120	646
Public duties payable	10	27	29
Other current liabilities	10	1.205	841
Total current liabilities		**4.495**	**4.592**
Total Liabilities		**4.495**	**4.592**
Total equity and liabilities		**23.002**	**24.089**

Baerum / Norway, 9 April 2020

The Board of Directors of Oceanteam ASA

Keesjan Cordia	Karin Govaert	Jan-Hein Jesse	Henk van den IJssel
Chairman	Director	Director	CEO

Cash flow statement

01.01 - 31.12

USD '000	2019	2018
Cash flow from operating activities		
Profit / (loss) before income taxes	(991)	(10.136)
Depreciation	41	14
Amortisaton	-	61
Write-offs, reversal of write-offs and forgiven debt	(698)	5.847
Change in other receivables	(1)	5
Change in accounts receivable	(70)	-
Change in accounts payable	(526)	(1.369)
Items classified as investment/financing activities	-	1
Change in other current liabilities	430	(1.114)
Interest expense on bond converted to shares	-	746
Profit on sale of shares	(103)	
Net cash flow from operating activities	**(1.919)**	**(5.945)**
Cash flow from investing activities		
Paid-out from purchase of fixed assets	(6)	-
Paid in dividend from subsidiaries	-	-
Proceeds from sales of shares	103	-
Repayment of debt from subsidiaries, joint ventures and associates	-	-
Conversion of receivables from subsidiaries to shares	-	(8.464)
Conversion of receivables from associates to shares	-	(2.424)
Net cash flow from investing activities	**97**	**(10.889)**
Cash flow from financing activities		
Paid-in from new loans raised	-	3.000
Issuance of shares	-	2.500
Paid out non current liabilities	-	-
Proceeds from sale of treasury shares	-	-
Changes in intragroup balances	2.154	10.485
Changes due to conversion of debt to equity	-	(99)
Net cash flow from financing activities	**2.154**	**15.887**
Net change in cash and cash equivalents	332	(947)
Cash and cash equivalent at 01.01	55	1.002
Cash and cash equivalents at 31.12	**387**	**55**

NOTES TO THE FINANCIAL STATEMENTS PARENT

Note 1 - Primary accounting principles

The financial statements, which have been presented in compliance with the Norwegian Public Liability Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31 December 2019, consist of the income statement, statement of financial position, cash flow statement and notes to the accounts.

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

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

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

Accounting principles for material items

Revenue recognition

Revenue is normally recognized at the time of delivery of services. Oceanteam ASA issues management fees to companies in the same Group which goes to cost reduction in the same account group as the invoiced companies will book to cost. Interest on intercompany receivables is charged based on an inter-group cash pooling agreement.

Other operating expenses

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

Dividends

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

Dividend from subsidiaries and Joint ventures will only be recognized per balance sheet date if it’s significantly more likely than not that the dividend will be approved in the relevant company.

Use of estimates

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

Pensions

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

Depreciation

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

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax / tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Foreign currency translation

Functional and reporting currency

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

The USD against NOK exchange rate applied as at 31 December 2019 is 8.7803. The average exchange rate for the 2019 year applied was 8.7975.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the income statement within 'Foreign exchange result'.

Balance sheet classification

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

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

Tangible assets

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

Investment in Joint Ventures, Subsidiaries and Associates

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

Accounts receivable and other receivables

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

Cash flow statement

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

Currency

Cash, receivables and liabilities in a foreign currency are valued using the exchange rate at the year end.

Events after the balance sheet date

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

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

Note 2 - Profit on investments

USD '000

	2019	2018
By business area		
Profit from sale of shares*	103	-
Total	**103**	**-**
Geographical distribution		
Mexico	103	
Total	**103**	**-**

*Oceanteam ASA sold its 40% stake in DOT Group to Diavaz Group on 27 March 2019.

Note 3 - Employees, Board and auditor

USD ‘000

	2019	2018
Employee benefits expense		
Employee salaries	233	431
Social security	35	81
Pension costs	12	16
Other benefits	3	3
Board and audit committee fees	121	88
Recharged salary costs*	284	301
Contractor fees**	224	393
Total	**912**	**1.313**

Number of man-years employed in Oceanteam ASA over the financial year.	3	4

*Recharged salary costs relates to amounts recharged from Oceanteam Shipping B.V in respect of Leidus Bosman’s employment (former CEO) in 2019. In 2018 this included both Leidus Bosman and Jos Van Dijk (former CFO).

**Contractor fees are related to external consultants supporting the Group’s operations, CFO services provided by Hendrik Hazenoot and additional services provided by board member Hendrik Johannes Jesse.

Management remuneration

USD ‘000

2019	Position	Board fees	Wages / Fees	Pension premiums	Other remuneration	Total
Leidus Bosman	CEO		240	17		257
Kornelis Jan Willem Cordia	Chairman	45				45
Karin Antoinette Yvonne Govaert	Director	38				38
Hendrik Johannes Jesse	Director	38	58			96
Hendrik Hazenoot	Interim CFO		118			118
Diederik Legger	Advisor to the board		48			48
Total		**121**	**463**	**17**	**-**	**601**

2018	Position	Board fees	Wages / Fees	Pension premiums	Other remuneration	Total
Haico Halbesma	CEO (until Mar 30th)		111			111
Hessel Halbesma	Chairman (until Mar 22nd)				49	49
Mrs Catharina Pos	Director (until Mar 23rd)				17	17
Diederik Legger	Director (until May 16th) and interim CEO (until Oct 15th)	10	109			120
Meindert van Genderen	Interim CEO (from Mar 28th until May 16th)		70			70
Jos Van Dijk	CFO (until Aug 23rd)		178	15	28	221
Kornelis Jan Willem Cordia	Chairman (from Apr 13th)	34				34
Karin Antoinette Yvonne Govaert	Director (from Apr 13th)	26				26
Hendrik Johannes Jesse	Director (from Jul 12th)	17				17
Hendrik Hazenoot	Interim CFO (from Aug 23rd)		87			87
Leidus Bosman	CEO (from Oct 15th)		61	4		65
Total		**88**	**615**	**19**	**94**	**817**

Leidus Bosman resigned as CEO effective 14 February 2020. He received an annual salary of EUR 198.000 (USD 220.008) which attracted a holiday allowance at 8% EUR 15.840 (USD 17.792). As at 31 December 2019, Oceanteam had no obligation to pay special compensation upon termination of, or change to, the CEO's employment. The employment agreement contains a variable pay provision, which leaves room for negotiation on the remuneration package. No liability or expense was incurred in respect of this as at 31 December 2019.

For the year 2019, the agreed annual fee for the chairman of the board is NOK 400.000 (USD 44.883) and NOK 337.500 (USD 37.847) for the other members of the board (including NOK 37.500 for audit committee fees).

Kornelis Jan Willem Cordia, chairman of the board, was appointed on the 13 April 2018 and has received board fees of NOK 400.000 (USD 44.883) in 2019. Director, Karin Antoinette Yvonne Govaert, was appointed on 13 April 2018 and has received board fees of NOK 337.500 (USD 37.847) in 2019. Director, Hendrik Johannes Jesse, was appointed on 12 July 2018 and has received board fees of NOK 337.500 (USD 37.847) in 2019.

Oceanteam ASA entered into a general service agreement with Hendrik Johannes Jesse through his company, JOSCO Strategisch Advies, for management and independent consultancy services for the period 1 July 2019 to 31 December 2019. Hendrik Johannes Jesse received a fixed fee of NOK 95 625 per month from 1 July 2019 to 31 December 2019 totalling NOK 573 750. The agreement automatically expired on 31 December 2019. These fees have been classified as wages/fees. The agreement is subject to shareholders approval.

As at 31 December 2019, Oceanteam had no obligation to pay special compensation upon termination of, or change to, the chairman's appointment. As at 31 December 2019, there were no agreements between Oceanteam and the chairman providing for bonuses, profit sharing, options or similar benefits.

Hendrik Hazenoot was appointed as Interim CFO on 23 August 2018. He has a service agreement through DTN Noordwijk B.V. and has charged fees of EUR 105.095 (USD 117.849) in 2019 for his services.

Diederik Legger, advisor to the board, has contracts with Oceanteam ASA through J. Hofland B.V and Marstrat B.V. in respect of advisory services. Through these companies he has charged a total of EUR 43.500 (USD 48.196) in 2019. The agreement has been terminated per 10 February 2020.

Refer to note 19 for the year-end balances of related parties.

The incentive scheme throughout the group is given at the discretion of the board and CEO. The CEO makes a proposal to the board for different incentives for the employees of the company. There is no share incentive program.

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

There have not been given remuneration, pension's plans or other benefits to members of the audit committee or other elected corporate bodies.

Auditor

Auditor's fee consists of the following:

USD '000	2019	2018
Statutory audit	165	287
Other assurance services	12	25
Tax advisory	4	16
Other	4	6
Total	**185**	**335**

VAT is not included in the auditor's fee.

Note 4 - Financial income and financial expenses

USD '000	2019	2018
Finance income		
Profit from sale of shares**	103	-
Reversal of write-offs**	847	-
Interest income from group companies*	252	71
Other financial income (foreign exchange gains)	22	277
Total finance income	**1.223**	**348**
Finance costs		
Write-offs and forgiven debt	(149)	(5.847)
Interest expenses	(210)	(968)
Other financial expenses	(63)	(605)
Other financial cost (foreign exchange losses)	(41)	(228)
Total finance costs	**(464)**	**(7.649)**
Result financial items	**759**	**(7.301)**

*Oceanteam ASA waived interest earned from intercompany balances with subsidiary companies in 2019 totalling USD 651.683 (2018: USD 2.274.265). Refer to note 20 for further details.

** Oceanteam ASA sold its 40% stake in DOT Group to Diavaz Group on 27 March 2019. The total settlement amount was USD 950.000. USD 103.000 has been classified as profit from sale of shares and USD 847.000 has been classified as reversal of write-offs.

Note 5 - Income taxes

USD '000	2019	2018
Income tax expense		
Tax payable	-	-
Tax payable previous year	-	-
Changes in deferred tax	-	-
Total income tax expense	**-**	**-**

Tax base calculation		
Profit/(loss) before income tax	(991)	(10.136)
Permanent differences	(801)	5.847
Changes in temporary differences	(213)	509
Corrections from previous periods	(836)	-
Translation differences	136	3.718
Tax base	**(2.704)**	**(62)**

Temporary differences:		
Fixed assets	(1.213)	(1.432)
Non-current receivables	-	-
Non current assets	-	-
Current assets	-	-
Profit and Loss account	60	76
Tax-deductible part of write-down	-	-
Taxable income from Subsidiairies	-	-
Effect foreign exchange on long-term liabilities	-	-
Other temporary differences	(859)	(868)
Total temporary differences	**(2.012)**	**(2.225)**
Loss carried forward	(176.856)	(175.988)
Total temporary differences and loss carried forward	**(178.868)**	**(178.213)**
Deferred tax liability / (asset) - (2019: 22%, 2018: 22%)*	(39.351)	(39.207)

Reconciliation of nominal and effective tax rate	2019	2018
Profit/(loss) before income tax	(991)	(10.136)
Expected income taxes 22% (2018: 23%)	(218)	(2.331)
Permanent differences	(176)	1.345
Changes in temporary differences	(47)	117
Translation differences	30	855
Corrections from previous periods	(184)	-
Losses generated and not utilised	595	14
Income tax expense	**-**	**-**
Effective tax rate in %	0,0 %	0,0 %

*Deferred tax assets are not recognised in the balance sheet as there is uncertainty regarding utilization in the foreseeable future.

Note 6 - Deferred tax

Confirmation from the tax authorities for a cumulative carry forward tax loss of NOK 1 536 million (USD 175 million) for the year 2018 was received 23 October 2019.

Cumulative carry forward tax loss at year-end 2019 is estimated to NOK 1 553 million (USD 177 million). The carryforward tax loss has no statute on limitation and can be utilized against company's future losses.

Note 7 - Assets

Intangible assets

USD '000	2019	2018
Property, plant and equipment		
Acquisition cost at 01.01.	589	589
Additions	6	-
Disposals	(589)	-
Acquisition cost at 31.12	**6**	**589**
Accumulated depreciation 01.01	(548)	(534)
Depreciation in the year	(41)	(14)
Disposals	589	-
Accumulated depreciation 31.12	**-**	**(548)**
Net book value 31.12	**6**	**41**
The useful economic life is estimated to be:	3-10 years	3-10 years

The depreciation method is straight line.

Note 8 - Investment in subsidiaries, joint ventures and associates

	Year aquired / incorporated	Head Office/ Country of registration	Ownership share	Voting share
Subsidiaries directly owned				
Oceanteam II B.V.	2007	Amsterdam, Netherlands	100%	100%
RentOcean B.V.	2015	Amsterdam, Netherlands	100%	100%
North Ocean 309 AS	2011	Bærum, Norway	100%	100%
Oceanteam Shipping Monaco SAM	2011	Monte Carlo, Monaco	100%	100%
Oceanteam Bourbon 4 AS	2006	Bærum, Norway	50%	60%
Joint ventures directly owned				
Oceanteam Bourbon Investments AS	2012	Bærum, Norway	50%	50%
Associates directly owned				
Oceanteam Bourbon 101 AS	2006	Bærum, Norway	50%	40%
Subsidiaries indirectly owned				
Oceanteam Mexico B.V.	2008	Amsterdam, Netherlands	100%	100%
Oceanteam Shipping B.V.	2011	Amsterdam, Netherlands	100%	100%
Oceanteam Solutions B.V.	2012	Amsterdam, Netherlands	100%	100%
Kingfisher Enterprise B.V.	2008	Schiedam, Netherlands	100%	100%
Oceanteam Shipping GmbH	2007	Wilhelmshaven, Germany	100%	100%
Oceanteam GmbH	2007	Wilhelmshaven, Germany	100%	100%
Oceanteam Power and Umbilical GmbH	2007	Wilhelmshaven, Germany	100%	100%
Oceanteam Mexico S.A de C.V.	2008	Cd. del Carmen, Mexico	90%	49%

Oceanteam ASA sold its 40% stake in DOT Group to Diavaz Group on 27 March 2019.

Note 8 - Investment in subsidiaries, joint ventures and associates (continued)

Investments valued at cost (company accounts)

Subsidiaries and joint ventures

USD '000

Company name	Share capital	Number of shares issued	Write downs in 2019	Net book value of investment	The company's total equity	Net profit (loss) 2019
Oceanteam II B.V.	22	18.000	-	5.000	5.849	(1.621)
RentOcean B.V.	11	10.000	-	-	2.816	(314)
North Ocean 309 AS	17	100	-	-	(944)	(12)
Oceanteam Shipping Monaco SAM	215	1.500	15	-	-	(15)
Oceanteam Bourbon 4 AS*	4.215	100	-	5.145	42.990	1.199
Oceanteam Bourbon Investments AS	5	30	-	-	(60)	8
Sum	**4.485**		**15**	**10.145**	**52.101**	**697**

Associates

CCompany name	Share capital	Number of shares issued	Write downs in 2019	Net book value of investment	The company's total equity	Net profit (loss) 2019
Bourbon 101 AS*	556	2.610	-	2.718	33.942	4.212
Sum	**556**		**-**	**2.718**	**33.942**	**4.212**

The above investments are only those directly owned by Oceanteam ASA.

The investments are valued at the lower of cost and net realizable value.

*During December 2013 the shareholders' agreements between Oceanteam ASA and Bourbon Offshore Norway AS regarding the companies Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS was amended. The result of the amendment was that Bourbon Offshore Norway AS acquired significant control over Oceanteam Bourbon 101 AS, and that Oceanteam ASA acquired significant control over Oceanteam Bourbon 4 AS. The change became effective from 1 January 2014. After the amendment equity interest still remained 50 percent, but voting shares in Oceanteam Bourbon 4 AS became 60 percent and significant control of the company came in place. The control is currently also affirmed by Oceanteam ASA being represented by three of a total of five directors at the Company's Board. But in general, the owner companies, Bourbon Offshore Norway AS and Oceanteam ASA have equal voting shares in general meetings.

Note 9 - Intercompany balances with group companies and associates

USD '000

Intercompany balances	Forgiven debt in 2019	Write downs / (reversal of write downs) in 2019	Balance 2019	Balance 2018
Oceanteam Bourbon 101 AS	-	-	76	76
Oceanteam Bourbon 4 AS	-	-	1.066	1.066
Oceanteam Bourbon Investments AS	-	-	-	133
Oceanteam Shipping GmbH	-	-	2	2
Oceanteam II B.V.	-	-	786	716
Oceanteam Mexico S.A de C.V.	-	20	-	-
Oceanteam Mexico B.V.	20	-	1	21
Kingfisher Enterprise B.V.	-	90	272	1.085
North Ocean 309 AS	-	11	-	-
Oceanteam Shipping Monaco SAM	-	-	-	-
Oceanteam Solutions B.V.	-	-	25	1.469
RentOcean B.V.	-	-	1.570	2.481
Oceanteam Shipping B.V.	-	-	5.871	4.061
DOT Servicios Navieros, S.A. de C.V.	-	(446)	-	-
DOT Shipping B.V.	-	(401)	-	-
DOT Shipping AS	-	-	-	-
DOT Holdings AS	-	-	-	-
Sum	**20**	**(726)**	**9.668**	**11.110**

Note 10 - Receivables and Liabilities

USD '000	2019	2018
Receivables		
Prepayments	7	5
Accounts receivable	70	-
Total receivables	**77**	**5**
Current liabilities		
Loans and borrowings	(3.143)	(3.075)
Accounts payable	(120)	(646)
Public duties payable	(27)	(29)
Other current liabilities	(1.205)	(841)
Total current liabilities	**(4.495)**	**(4.592)**

Oceanteam ASA entered into a 6 month loan agreement on 23 April 2018 with Stichting Value Partners Family Office for the amount of USD 1.5 million. The loan is unsecured and has an interest of 7%.

Oceanteam ASA entered into another loan agreement on 21 December 2018 with Corinvest B.V. for the amount of USD 1.5 million. The loan is unsecured and has an interest rate of 7% per annum.

In April 2019, both Stichting Value Partners Family Office and Corinvest B.V. issued waivers stating that if Oceanteam cannot repay the loans in full at maturity (October 2019 and December 2019 respectively), due to tight liquidity, the lenders will postpone the maturity date of the loans for another six months (April 2020 and June 2020).

In March 2020, both Corinvest B.V. and Stichting Value Partners Family Office have agreed to amend the repayment date of the loans to April 2021. As at the year end, both of the loans were unsecured. In April 2020, Oceanteam and the lenders have agreed that interest which was due in April 2020 will be postponed until October 2020 subject to the provision of security by Oceanteam to the lenders in the form of a non-possessory pledge by 1 June 2020. Both Stichting Value Partners Family Office and Corinvest B.V will receive a pledge on one carousel each. The carousel's are owned by Oceanteam Shipping B.V.

Note 11 - Bank deposits

As at 31 December 2019, tax deducted from employees, deposited in a separate bank account amounts to NOK 264.839 (USD 30.163).

Note 12 - Share Capital and Shareholder Information

Share capital Pr 31.12.2019

As per 31.12.2019, the share capital of the Company is NOK 197.448.290 (USD 24.403.333) divided into 34.338.833 shares with a nominal value of NOK 5,75 (USD 0,74). All shares are given equally voting rights.

Oceanteam owns a total of 127.573 own shares representing 0,4% of the shares in the Company. The calculations are made on the basis of 34.338.833 shares in the Company.

Shareholders	Notes	Number of shares	Percentage of total
Euroclear Bank S.A./N.V.		17.826.889	51,9%
UBS Switzerland AG	2	6.691.942	19,5%
State Street Bank and Trust Comp		1.826.012	5,3%
SIX SIS AG		1.481.392	4,3%
Pictet & Cie (Europe) S.A.		923.772	2,7%
HESSEL HALBESMA	1	756.307	2,2%
The Bank of New York Mellon SA/NV		658.167	1,9%
CLEARSTREAM BANKING S.A.		451.060	1,3%
Citibank Europe plc		281.063	0,8%
HAUSTKOLLHOLMEN AS		225.000	0,7%
BNP Paribas Securities Services		140.687	0,4%
OCEANTEAM ASA		127.573	0,4%
PERSHING LLC		106.549	0,3%
Geir Bjørndalen		106.087	0,3%
MOMO INVEST AS		102.254	0,3%
HANDEL PARTNER AS		100.000	0,3%
ØYTOSIKI AS		98.508	0,3%
ANDREAS BJERLØV KARLSEN		86.957	0,3%
NORDNET LIVSFORSIKRING AS		79.852	0,2%
ROLF NESHEIM		75.000	0,2%
Subtotal 20 largest		**32.145.071**	**93,6 %**
Others		2.193.762	6,4%
Total		**34.338.833**	**100,0 %**

Shareholders	Notes	Number of shares	Percentage of total
Board:			
Hessel Halbesma (Former Chairman)	1	756.307	2,2 %
Kornelis Jan Willem Cordia (Chairman)	2	6.590.517	19,2 %
Total		**7.346.824**	**21,4 %**

1. Former Chairman, Hessel Halbesma personally owns 756.307 shares.

2. Through UBS Switzerland AG, Kornelis Jan Willem Cordia, Chairman of Oceanteam ASA, owns 6.590.517 shares.

For more information, please refer to related party transaction in note 19.

Note 13 - Equity

USD ‘000

	Share capital	Own shares	Premium fund	Other equity	Total
Equity 01.01.19	50.807	(256)	23.526	(54.579)	19.498
Share issue	-				
Decrease in share capital	(25.403)	128		25.276	
Net profit / (loss) for the year				(991)	(991)
Equity 31.12.19	**25.403**	**(128)**	**23.526**	**(30.295)**	**18.506**

In November 2019, share capital was reduced from NOK 395 million (USD 50,8 million) to NOK 197,5 million (USD 25,4 million) by reducing the nominal value of the shares from NOK 0,50 per share to NOK 0,25 per share.

Note 14 - Pensions

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

All employees within Oceanteam ASA are included within the pension scheme. Refer to note 3 for the number of employees.

Note 15 - Events after the balance sheet date

Management Oceanteam

On 1 February 2020 Mr. Henk van den IJssel succeeded Mr. Leidus Bosman as CEO of Oceanteam ASA.

JV Partner Bourbon

In relation to the situation of our partner and co-shareholder in the shipping companies Bourbon, we kindly refer to their webpage (www.bourboncorporation.com) and especially to their press release of 11 February 2020. In Q4 2019 all of the assets and activities of Bourbon Corporation were sold to Societé Phoceené (SPP), which became the new shareholder of Bourbon Maritime and owner of BOURBON brands. The direct co-shareholder in our joint venture companies is Bourbon Offshore Norway AS which is currently not affected by the corporate restructuring in the Bourbon Group.

Loan extensions

In March 2020, both Corinvest B.V. and Stichting Value Partners Family Office have agreed to amend the repayment date of the loans to April 2021. Oceanteam has chosen to defer the repayment of the loans due to the tight cash flow partly caused by the lack of contracts.

Oceanteam Solutions

Oceanteam Solutions has entered into a three-year agreement for rental of its 4.000t carousel for the ultimate client Global Marine Group. The client has the option to extend this agreement with a total of five years. The project started a the end of February 2020.

Oceanteam Solutions has been awarded a contract for providing a major cable manufacturer with a barge equipped with a cable transport and storage spread including a 2.000t carousel for the remainder of 2020 with possible extensions into 2021.

Investigation

Since 2018 Oceanteam is subject to public investigation initiated by the Norwegian courts upon request of minority shareholders covering the period 2013-2017. The investigation entails the verification of several related party transactions in the mentioned period and if minority shareholder interests have not been impeded. In accordance with the resolution of the annual general meeting of Oceanteam held on 23 May 2019 to file a petition for stopping the ongoing public investigation of certain transactions between the investigation and its management, the Bergen District Court has ruled on 4 October 2019 that the public investigation shall stop and the report of the investigator is to be submitted to the court in accordance with the rules of section 5-28 of the Public Limited Liability Companies Act for convening of a general meeting to deal with the report. Oceanteam has made substantial payments as security for the investigator's costs. The total pre-paid security from the first quarter 2018 to the end of 2019 was NOK 9 million. The final costs for the investigation presented by the investigator and awarded by the Bergen Court were NOK 13,738,438. Oceanteam appealed the court decision and is, per the date of this report, awaiting ruling on the appeal. Oceanteam has made a provision for the remaining amount in the 2019 figures.

Oceanteam Shipping

Oceanteam is actively pursuing new work for its vessels for the period after expiry of their current contracts. The same is done by its partner Bourbon. With respect to the CSV 101, the current firm charter contract with Total has been extended until end of Q2 2020.

Coronavirus (COVID-19)

Coronavirus (COVID-19) disease has spread globally since 2019 resulting in the coronavirus pandemic. While the majority of cases result in mild symptoms, some progress to pneumonia and multi-organ failure. Standard recommendations to prevent infection spread include regular hand washing and to avoid close contact. Many countries have now advised against or prohibit travel and advise to work from home to prevent spreading.

Oceanteam is, like almost all businesses, affected by the coronavirus pandemic. Almost all Oceanteam employees have been working from home since the outbreak of the coronavirus. This has had little to no impact on Oceanteam's operations as digital interaction tools and remote access to our server system were already in place.

Oceanteam's vessels have been and continue to be offshore and therefore have so far not been impacted by the outbreak. Any impact to the Q1 2020 performance of the group, as a result of the outbreak, has been negligible.

The fall in demand for oil which started in China has now begun to spread to economies throughout the world as the coronavirus continues to spread and governments implement further restrictive measures.

In addition, the ongoing oil price strategy dispute between Russia and Saudi Arabia adding to oversupply in the market has, and will continue to, put further downward pressure on oil prices.

The deeply imbalanced supply and demand relationship are likely to keep oil prices under pressure. The fall in oil prices could lead to a decrease in offshore installation activity impacting Oceanteam's ability to secure future contracts

Oceanteam could, in the opinion of the Board be affected by delays at ports due to quarantine. Our customers could also be impacted which could affect payment of receivables resulting in liquidity issues.

At the time of preparation of the annual accounts, it is not yet possible to make a reliable estimate of the consequences this outbreak will have on the Group's financial position.

How the outbreak will affect the assumption of going concern will depend on how long the situation will last, what measures the authorities will take, and how the aforementioned risks will actually affect the Group. However, based on the situation and the information that is available at the present time, the Board of Directors considers it reasonable to use the assumption of going concern in the preparation of the annual accounts.

Note 16 - Financial risk management

GOING CONCERN

In accordance with the Accounting Act § 4-5 the company confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2020 – 2021 and the Group's long-term strategic forecasts. The market has been experiencing a downturn which has had a direct impact on the performance and liquidity of the Company. Liquidity forecasts going forward are for modest but positive cash flows.

The Directors have considered all available information about the future when concluding whether the Company is a going concern at the date they approve the financial statements. The review covers a period of at least twelve months from the date of approval of annual financial statements. The Company has initiated several cost saving initiatives within corporate and operational segments, implemented and executed in 2019.

In March 2020, both Corinvest B.V. and Stichting Value Partners Family Office have agreed to amend the repayment date of the loans to April 2021. Refer to note 10 for further details.

(A) CREDIT RISK

The credit risk of receivables from group entities is dependant on the performance of the actual operations within the subsidiary, joint venture or associate.

(B) LIQUIDITY RISK

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company is receiving their revenue and thus cash liquidity from their subsidiaries and associates, and is consequently dependant on the liquidity in these companies.

(C) MARKET RISK

The market risk with regard to currency risk is considered low as the functional and reporting currency are in USD. The company's loans and the majority of the companies revenues, which are dividends, intercompany interest and management fees, are in USD. Other liabilities are mostly a mix of USD, EUR and NOK. Market risk is considered low.

Note 17 - Contingent liabilities

There were no material contingent liabilities at the year-end.

Note 18 - Contingent assets

There were no material contingent assets at the year-end.

Note 19 - Transactions with related parties

Cenzo BV

Cenzo is controlled by Catharina Petronella Johanna Pos, former director of Oceanteam ASA. Transactions consists mainly of invoicing of board fees and other consulting services provided to the Company during. Refer to note 3 for more details.

Feastwood Holdings Limited (1)

Feastwood Holdings Ltd is controlled by Hessel Halbesma, former chairman of Oceanteam ASA and Haico Halbesma, former CEO of Oceanteam ASA. Transactions consist of invoicing for services provided by Hessel Halbesma and recharges related to disbursements. These services provided include board services, providing exclusive access to his network and long time business partners, maintenance and development of partnership arrangements, sourcing and strategic development related to financing the group, Intellectual property expansion, initiation and steering of change management and general support to various management functions within the group. Refer to note 3 for more details.

Heer Holland BV

Heer Holland B.V. is controlled by Haico Halbesma, former CEO of Oceanteam ASA. Transactions consists mainly of invoicing of monthly management services. Refer to note 3 for more details.

4C Offshore Ltd

4C Offshore Ltd is controlled by Hessel Halbesma, former chairman of Oceanteam ASA and Haico Halbesma, former CEO of Oceanteam ASA. The transactions with 4C Offshore Ltd consist mainly of invoices for consultancy work, IT maintenance and licensing fees.

Seaconomy B.V.

Former interim CEO, Meindert Van Genderen, provided management and consultancy services through this company. Minor travel costs have also been recharged through this company. Refer to note 3 for more details.

Marstrat B.V.

Former interim CEO, Meindert Van Genderen and former director/former interim CEO Diederik Legger provided interim management and consultancy services through this company. Refer to note 3 for more details.

DTN Noordwijk B.V.

DTN Noordwijk B.V. is controlled by Interim CFO, Henrik Hazenoot. Transactions consist mostly of invoicing for monthly management and consultancy services. Minor travel costs have also been recharged through this company. Refer to note 3 for more details.

Invaco Management B.V.

Invaco Management B.V. Is controlled by Chairman, Kornelis Jan Willem Cordia. Transactions consist mostly of invoicing for expenses related to the board meetings.

J.Hofland B.V.

Former interim CEO, Diederik Legger, provided advisory services to the board of directors of Oceanteam through J. Hofland B.V. Transactions include invoicing advisory fees. Refer to note 3 for more details.

Josco Strategisch Advies

Josco Strategic Advies is controlled by Hendrik Johannes Jesse, director of Oceanteam ASA. Transactions consist mainly of invoicing for strategic advisory services. Refer to note 3 for more details.

Oliley B.V.

Oliley B.V. is controlled by Karin Antoinette Yvonne Govaert, director of Oceanteam ASA. Transactions consists mainly of invoicing recharges for travel expenses.

USD '000	Income/recharged expense		Cost		
Company	2019	2018	2019	2018	Type of transaction
Cenzo B.V.	-	-	-	(17)	Other services than board committee
Feastwood Holdings Limited (1)	-	28	-	(49)	see above
Heer Holland B.V.	-	-	-	(111)	see above
4C Offshore Ltd	-	-	-	(38)	see above
Seaconomy B.V.	-	-	-	(29)	see above
Marstrat B.V (Meindert Van Genderen)	-	-	-	(47)	see above
Marstrat B.V (Diederik Legger)	-	-	(3)	(58)	see above
DTN Noordwijk B.V.	-	-	(118)	(94)	see above
Invaco Management B.V.	-	-		(4)	see above
J.Hofland B.V.	-	-	(45)	-	see above
Josco Strategisch Advies	-	-	(58)	-	see above
Oliley B.V.	-	-	(10)	-	see above

USD '000	Amounts receivable		Vendor & accrued balance	
Company	2019	2018	2019	2018
Cenzo BV	-	-	-	-
Feastwood Holdings Limited (1)	-	-	-	-
Heer Holland B.V,	-	-	-	-
4C Offshore Ltd	-	-	-	(375)
Seaconomy B.V.	-	-	-	-
Marstrat B.V (Meindert Van Genderen)	-	-	-	-
Marstrat B.V (Diederik Legger)	-	-	-	(11)
DTN Noordwijk B.V.	-	-	(10)	(10)
Invaco Management B.V.	-	-		-
J.Hofland B.V.	-	-	(17)	-
Josco Strategisch Advies	-	-	(59)	-
Oliley B.V.	-	-	-	-

Stichting Value Partners Family Office

Stichting Value Partners Family Office is controlled by Mr Hendrik Marius van Heijst. During 2018 and 2019, Mr Hendrik Marius van Heijst has held a shareholding in Oceanteam ASA of greater than 20% and is therefore considered to have significant influence. In April 2018 a loan was issued by Stichting Value Partners Family Office.

Corinvest B.V.

Corinvest B.V. is controlled by Kornelis Jan Willem Cordia, chairman of the board. In December 2018 a loan for USD 1.5m was issued by Corinvest B.V.

USD '000	Loans		Accrued interest payable on loans		Interest xpense	
Company	2019	2018	2019	2018	2019	2018
Stichting Value Partners Family Office	1.500	1.500	72	72	105	72
Corinvest B.V.	1.500	1.500	70	3	105	3

Refer to note 10 for more details.

Note 20 - Transactions with Group companies

USD '000

	Interest Income / (Expense)		Management fee income	
	2019	2018	2019	2018
Kingfisher Enterprise B.V.*	-	-	-	-
Oceanteam Shipping B.V.*	-	-	534	475
Oceanteam II B.V.	68	-	-	-
Oceanteam Mexico B.V.*	-	2	-	-
Oceanteam Shipping GmbH	-	(1)	-	-
Oceanteam Bourbon 101 AS	-	-	35	35
Oceanteam Bourbon 4 AS	-	-	35	35
North Ocean 309 AS*	-	76	8	16
Oceanteam Shipping Monaco SAM	-	(32)	-	-
Oceanteam Solutions B.V.*	-	18	-	12
Oceanteam Bourbon Investments AS	(3)	8	30	12
RentOcean B.V.	186	-	65	95
Total	**252**	**71**	**707**	**680**

**Oceanteam ASA waived 2019 interest income due from Kingfisher Enterprise B.V of USD 55.349, Oceanteam Shipping B.V. of USD 453.602, Oceanteam Mexico B.V. of USD 1.968, North Ocean 309 AS of USD 88.135 and Oceanteam Solutions B.V. of USD 52.629

Internal interest is calculated on intercompany balances. An interest rate of 7% + Libor 3 months is applied to all the above company's intercompany balances subject to Oceanteam Bourbon Investments AS on which the interest is 4% per annum.

Please see note 9 for intercompany balances.

Note 21 - Guarantees

A parent company guarantee from Oceanteam ASA has been granted to the buyers of KCI the Engineers BV effective for a period of 60 months from January 2018 with a maximum liability of EUR 700.000.

Oceanteam ASA is one of three guarantors for the loans in Oceanteam Bourbon 101 AS and Oceanteam Bourbon 4 AS. There is an unconditional and irrevocable pro rata on-demand guarantee for the balance of the loans. The total balance of the loans as at 31 December 2019 was USD 40.425.000

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To the General Meeting of Oceanteam ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oceanteam ASA, which comprise:

- The financial statements of the parent company Oceanteam ASA (the Company), which comprise the balance sheet as at 31 December 2019, the income statement showing a loss of USD 991 000 and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Oceanteam ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement showing a profit of USD 687 000, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3 in the financial statements and the Board of Director's Report which indicates that the Group's liquidity forecast is showing a constrained cash flow and that there is inherent risk in cash flow estimates depending on the Group's ability to secure new contracts within its business segments. There are significant assumptions within the cash flow forecast which are both within and outside the control of the Group. The events and assumptions described in note 3 and in the Board of Directors' report, even though the management has taken measures to mitigate risk of uncertainty, indicate that a material uncertainty still exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Carrying value of Vessels and equipment

Vessels and equipment constitute a significant share of the total assets in the Group with a carrying amount of USD 92.7 million at 31 December 2019. Due to the continued difficult market conditions, management identified indications of impairment for the Group's vessels. Consequently, they have carried out an impairment assessment and estimated recoverable amount of the assets, which is the highest of fair value less costs of disposals and value in use. Based on the results of the impairment assessments, no impairment charge was recognised in 2019 due to recoverable amount being higher than the carrying value. When estimating recoverable amount, management used assumptions regarding the future market and economic conditions. Important estimates included future day rates, utilization rate, operating expenses, capital expenditure and discount rate. Considering the uncertainty of estimates and the complexity of calculations, we consider impairment assessment a key audit matter.

Our audit addressed the Key Audit Matter by procedures including, among others:

- We obtained management's impairment model and considered whether the model contained the elements and methodology IFRS require from such models. We found the model to be in accordance with our expectations.
- We challenged management's key assumptions such as the projected utilization, charter hire rates, operating expenses and discount rates, and compared with historical performance, market data, tender lists, management's internal forecasts and management long term strategic plans.
- We evaluated the competence and objectivity of the external brokers used by the Group. The range of values derived from the two independent brokers were compared with the value in use estimates.
- We assessed the weighted average cost of capital by comparing input with external data such as risk free interest on government bonds, beta and market risk premium and assessed adjustments for company specific factors.
- We tested the mathematical accuracy of the valuation model and tested sensitivity within the valuation model by modulating the critical assumptions.
- We lastly evaluated the adequacy of the related disclosures including those regarding the key assumptions and sensitivities.

We refer to note 2 for the Group's accounting policy for impairment of non-financial assets, and note 12 where the management explain their evaluation process for the Group's tangible assets.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 9 April 2020
RSM Norge AS

Lars Løyning
State Authorised Public Accountant