



TECO COATING SERVICES ASA

Report – 4th quarter 2006

Results for 4th quarter 2006

- The operating revenue in the 4th quarter was MNOK 36.9 (MNOK 24.9), of which MNOK 27.5 (MNOK 16.3) was related to travel based projects, MNOK 1.3 (MNOK 1.6) to onshore projects and MNOK 8.1 (MNOK 7.0) to sub-invoicing of goods.
- Pre tax earnings in the 4th quarter were MNOK 4.3 (MNOK 3.1).
- The company's total assets as of 31 December were MNOK 107.4 (MNOK 58.8).
- The total equity as of 31 December was MNOK 41.5 (MNOK 28.1).

4th quarter information

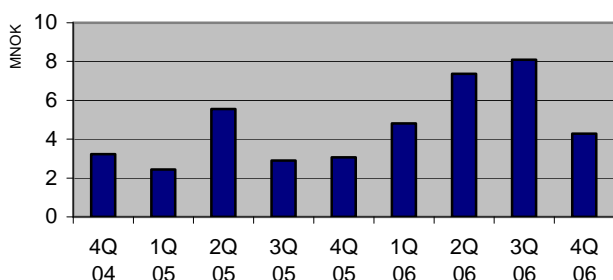
TECO again presents a good result. The revenues from travel based projects increased with 69% compared to the same quarter in 2005.

At the beginning of the 4th quarter TECO purchased shares in Davie Yards ASA for a total amount of MNOK 8.2. The shares are booked at historical cost.

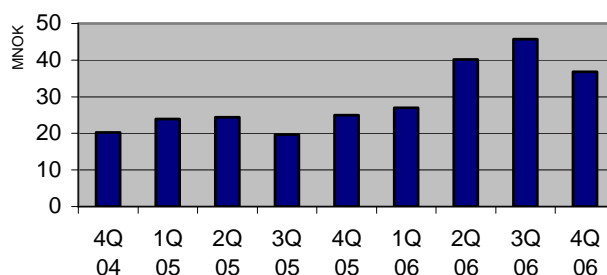
In the 4th quarter the company changed its accounting principles regarding lease agreements for equipment. The lease contracts were previously classified as operational leases, they are now classified as finance leases. The total purchase value of leased equipment was approx. MNOK 15.8 at year-end. The debt related to these lease agreements was MNOK 14.6. The change in accounting principle resulted in a reduction of the operating result of MNOK 0.2 for 2006. This cost is booked in the 4th quarter.

The Board is satisfied with the financial situation of the company and is of the opinion that the company is well positioned for further growth.

Pre tax earnings per quarter



Revenues per quarter



Historically, the turnover from onshore projects fluctuates strongly from quarter to quarter. The summer is a good time for onshore projects, especially at European shipyards. The Board does not consider the decrease in turnover from 4th quarter 2005 to be abnormal.

The company paid out a dividend of NOK 0.15 per share in the 4th quarter.

The company's short-term receivables were at the end of 4th quarter somewhat higher than what was expected given the turnover. This is mainly due to delays in payments from a customer caused by currency restrictions. This problem has been solved in the 1st quarter 2007.

Ship maintenance during voyage

TECO performs upgrading and maintenance of cargo and ballast tanks, as well as general maintenance of painted surfaces, onboard ships and rigs while the ship/rig is in operation. As this work is mainly performed during voyage, the owner avoids the costs associated with long periods of docking and prolonged off-hire periods. Additionally, the owner will be able to make more efficient use of the crew who, in addition to their contracted duties, will be available for other maintenance work onboard.

The company also hires out qualified technical staff for various maintenance tasks during voyages. Such tasks are labour-intensive and are mainly performed by Polish and Bulgarian workers under the supervision of Norwegian project managers.

With considerable technical know-how in the area of coating, TECO has qualified teams specializing in the upgrading and maintenance of ships and rigs.

Prospects ahead

TECO is currently involved in 33 projects. The influx of orders in the 1st quarter has been somewhat lower than expected. The level of activity is expected to remain at its

current level throughout the 1st quarter and then to increase in the next quarter.

TECO's main challenge is still to recruit and train qualified foremen for our projects. TECO has implemented a number of measures to secure the access to qualified workers.

The market outlook for the company's services is very good. An increased focus on maintenance as well as stricter regulations imposed by the ship classification societies has led to an expansion of the potential market.

In the 1st quarter 2007 the company has hired several new employees in the safety-, sales- and project management departments.

The board is very pleased with Davie Yards ASA securing contracts for its Québec shipyard as announced on 13 February 2007.

The Board is not aware of any other significant events following the end of the quarter.

Lysaker, 14th February, 2007
The Board of TECO Coating Services ASA

Profit & Loss statement

Amount in 1 000 NOK	2006	2005	2006	2005
	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Operating Revenues	36 873	24 947	149 855	93 603
Cost of Goods sold	(19 958)	(14 985)	(87 932)	(57 520)
Other operating Expenses	(9 619)	(5 849)	(32 064)	(19 717)
EBITDA	7 296	4 113	29 858	16 365
Depreciation	(2 407)	(837)	(4 877)	(2 901)
Operating result (EBIT)	4 889	3 276	24 981	13 464
Net finance + / (-)	(612)	(215)	(452)	491
Earnings before tax	4 278	3 061	24 529	13 955
Estimated taxation on ordinary result	(1 213)	(944)	(6 778)	(3 811)
Extraordinary result	-	-	-	-
Net Profit (Loss)	3 065	2 118	17 751	10 144
Total number of shares issued at the end of the period	23 636 364	23 636 364	23 636 364	23 636 364
Total number of own shares at the end of the period	136 000	-	136 000	-
Average number of shares outstanding during the period	23 500 364	23 636 364	23 581 783	23 636 364
Earnings per share	0,13	0,09	0,75	0,43
Diluted earnings per share	0,13	0,09	0,75	0,43

Balance Sheet

Amount in 1 000 NOK	2006	2005
	31.12	31.12
Intangible fixed assets	827	827
Tangible fixed assets	23 410	7 044
Financial assets	-	-
Total fixed assets	24 238	7 871
Inventories	17 011	12 292
Current receivables	53 288	33 492
Investments	9 465	1 722
Cash and bank deposits	3 440	3 415
Total current assets	83 205	50 920
TOTAL ASSETS	107 442	58 792
Paid-in capital	12 907	2 319
Other equity	28 598	25 812
Total equity	41 505	28 131
Long term liabilities	24 648	-
Current liabilities	41 289	30 660
Total liabilities	65 937	30 660
TOTAL EQUITY AND LIABILITIES	107 442	58 792

Cash Flow Statement

Amount in 1 000 NOK	2006	2005	2006	2005
	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Cash flow from operating activities	5 193	4 288	6 682	4 878
Cash flow from investing activities	(10 252)	(969)	(14 207)	(4 249)
Cash flow from financing activities	4 683	(449)	7 550	(3 365)
Net change in cash etc	(376)	2 870	25	(2 736)
Cash etc at the start of the period	3 816	545	3 415	6 152
Cash etc at the end of the period	3 440	3 415	3 440	3 415

Changes in Equity

Amount in 1 000 NOK	2006	2005	2006	2005
	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Equity at the start of the period	42 002	28 388	28 131	27 502
Net Profit (Loss)	3 065	2 118	17 751	10 144
Cost of share issue (net tax)	-	-	-	(50)
Net repurchase / sale of own shares	-	-	(807)	-
Dividends	(3 525)	(2 364)	(3 525)	(9 455)
Foreign currency translation, net	(38)	(11)	(46)	(11)
Equity at the end of the period	41 505	28 131	41 505	28 131

The financial statements are presented in accordance with the IAS34.
Please see latest annual report for details on accounting principles.

The statements for the quarter has not been audited.

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