



TECO MARITIME ASA

**Interim Report
2nd quarter and 1st half 2009**

28 August 2009

HIGHLIGHTS 1ST HALF YEAR 2009

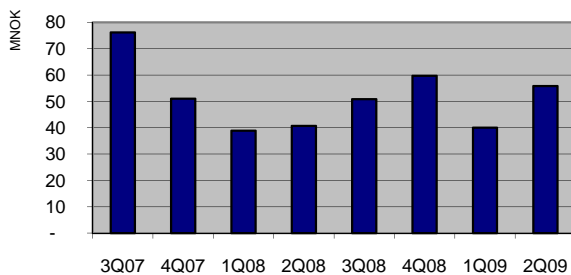
- Christian Fr. Thyholdt took over the position as CEO in TECO Maritime ASA
- Change in Board of Directors
- Conversion of long term NOK loan to USD loan.
- Successful completion of two large yard projects in France
- Increase in activity – new customers

FINANCIALS – Unaudited

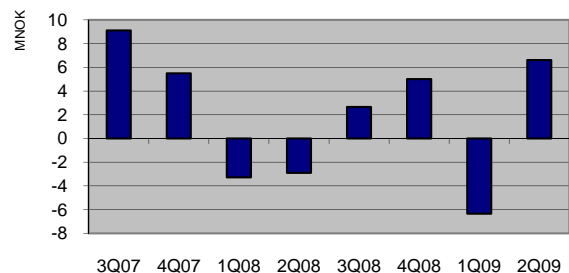
Statutory Results for 2Q 2009

- The total operating revenue in the 2Q was MNOK 56.7 (MNOK 40.7)
- The total operating revenue in 1H 2009 was MNOK 96.7 (MNOK 79.5)
 - In 2Q the **Coating** activities contributed with MNOK 39.8 (MNOK 24.9) of which:
 - MNOK 19.8 (MNOK 21.0) was from voyage based projects
 - MNOK 13.2 (MNOK 0.0) was from onshore projects
 - MNOK 6.8 (MNOK 3.9) was from sub-invoicing of goods purchased on behalf of customers
 - **Ship Service** activities contributed with MNOK 16.9 (15.8)

Revenues per quarter



EBITDA per quarter



- **Earnings**
 - Pre tax earnings in the 2Q were MNOK 3.9 (MNOK -5.9).
 - Pre tax earnings in 1H 2009 were MNOK -6.4 (MNOK -12.0).
- **Assets**
 - The company's total assets as of 30 June were MNOK 191.7 (MNOK 244.8)
 - The total equity as of 30 June was MNOK 119.7 (MNOK 173.1).

2ND QUARTER AND 1ST HALF 2009 INFORMATION

The Board was not satisfied with the lower than expected revenues in the 1st quarter, but are content with the revenues in the 2nd quarter.

The **Coating** activities have shown a significant improvement in the 2nd quarter. The postponed yard project described in the 1st quarter report was successfully carried out in the 2nd quarter. A second yard project at the same yard in France was also carried out according to schedule. In addition to the two yard projects, the **Coating** activities have experienced a growth in the offshore market in particular.

The **Ship Service** activities had a weak quarter. These activities seems to suffer more from the financial crises world wide than the Coating activities. Several steps have been taken to improve the situation, such as changes in the management structure together with cost reducing activities. Jan Laursen has taken on the position as Managing Director for **Ship Service** activities, organized under the company TECO Maritime Holding AS. He comes from the position as Deputy Managing Director. To get more focus on the each activity within **Ship Service**, two senior managers have been given the responsibility for each of these areas; Marine Electronics and Tank Cleaning. Previously these responsibilities were handled locally in each subsidiary. Further, one has initiated personnel reductions, reducing the number of staff by approx. 15% within the **Ship Service** activities. For more info on this, see 'Other events after the end of 2nd quarter' and 'TECO Ship Service activities' below.

The **Coating** activities are focusing on the offshore market and yard-projects, areas that currently are not so much affected by the global financial crises. In the 2nd quarter several new contracts in the offshore market has been signed. The cooperation with Sobrena Shipyard in France has also been very good and will hopefully result in more projects in the coming quarters. In 2nd quarter a frame agreement with a large ship manager was signed and one project was mobilized. Four more projects under the frame agreement have been mobilized in 3rd quarter.

The Annual General Meeting of TECO was held on June 18. The general meeting approved the Election committee's suggestion to scale down the number of board members in order to reduce cost. The Board has been reduced by two members. The new Board consists of Tore Enger as chairman, Eva Kristensen and Gustaf Christensen as board members. At the same time, Christian Fr. Thyholdt took over as CEO after Tore Enger. He previously held the position as Deputy Managing Director in TECO Maritime ASA.

In March TECO converted its long term NOK debt into a USD. A total of MNOK 12.0 of debt was converted into a MUSD 1.75 loan. The loan is to be repaid over 3 years. Net finance in 2nd quarter, MNOK -0.1, consists mainly of gain on exchange rate related to the USD loan of MNOK 0.5 and MNOK -0.6 related to interest on loan. Net finance in 1st half, MNOK -1.5 consists of exchange loss of MNOK -0.1 and interest on loan MNOK -1.4.

Other currency adjustment per 30 June accounts for approx. MNOK - 2.4 of the result. In 2nd quarter the currency adjustment accounts for app. MNOK -0.4. The amount is booked as an increase of other operating expenses.

As reported in the 1st quarter report, TECO was in breach of the EBITDA covenant with SEB Privatbanken. At that time the negotiation was still going on. On the 18th June TECO reported that it had reached an agreement with SEB Privatbanken on the issue and that SEB Privatbanken did not consider TECO to be in breach of the loan agreement. The EBITDA result in the 2nd quarter is in accordance with the requirement in the loan agreement.

SEGMENT

Coating Activities

The Coating activities represent 70 % (62 %) of the total group turnover in 2nd quarter.

The **Coating** activities provides 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.

Ship Service Activities

The **Ship Service** activities represent 30 % (38 %) of the total group turnover in 2nd quarter this year.

The **Ship Service** activities consist of **Marine Electronics & Calibration, Tank Cleaning & Cargo Handling** and **Fire, Rescue & Safety (FRS)**.

The Ship Service activities operate from our locations in:

- Norway: Bergen and Porsgrunn
- The Netherlands: Rotterdam
- United Arab Emirates: Dubai and Fujairah
- Singapore

Our **Marine Electronics** offices offer a wide range marine electronics services based on specialist know-how and the highest possible flexibility both in planning and execution. Repairs and maintenance is conducted onboard a ship in service, during dry-docking, or at our workshop. TECO is an approved service partner for Krohne Skarpenord, Honeywell (Eltek and Enraf), Jowa and Emerson Process Management (MEP), and repair equipment from most international manufacturers. We also help customers to keep certificates for calibration equipment up to date, by performing compulsory annual certification as well as supplying new test equipment.

Our **Tank Cleaning** offices specialize in tank cleaning chemicals, tank cleaning advices, supercargoes and test equipment for the maritime industry. MarClean® is TECO's own range of internationally approved marine chemicals and consists of highly concentrated, environmentally friendly products. Our newest product, MarClean® RigClean, is a user friendly general purpose cleaning and degreasing agent which meets the strict environmentally requirement from the Norwegian Oil Sector in the North Sea. By combining our staff with our worldwide network of specialists we are able to be of service where and whenever it is needed. We offer customised training courses both for officers, crew and land based personnel.

Our **FRS** services offers both certified scheduled compulsory testing and calibration of fire and safety systems as well as repair and overhaul and filling of existing systems onboard.

Please see our web-site www.tecomaritime.com for more information.

THE MARKET

We continue to experience that our customers' challenges are affecting our own activity and that we still will face challenging times due to the unstable financial situation. However, at the same time we have now experienced that we are securing new contracts and we believe that stricter rules and regulations regarding repair and maintenance of ships will counter some of the negative effects.

We still believe that we offer an ideal solution with our voyage based services where clients and TECO will mutually benefit by working together.

We expect that the market in which we are operating will continue to grow long term as a result of both stricter maintenance requirements as well as that of TECO providing the necessary skilled technicians and services in the important ports we now are established.

Customers

General appearance of ships is often looked upon as indicative factor by surveyors in evaluating an owner or operators attitude towards maintenance. As such we have experienced an increased interest from owners for maintenance of also deck areas and superstructures. This combined with increased focus on maintenance of ballast tanks, cargo tanks and cargo holds, will lead to continued demand for our services.

The same development is expected for our other services. We are attracting a lot of attention for servicing of marine electronics as well as that of our tank cleaning services. We have strengthened our Tank cleaning services by recruitment of Supercargo staff based out of our office in Bergen, in Norway.

OFFSHORE HOLDING AS

As of 30th June TECO Maritime ASA's 13.75% ownership in Offshore Holding AS remains unchanged.

As of 12th May 2009 Davie Yards Inc. reported that it had secured the needed refinancing through a MUSD 20.0 share offering – increasing the number of shares from 124.6 million to 368.6 million.



Offshore Holding AS has through a conversion of a loan of approx. MUSD 4.0 participated in the share offering and now directly holds 13.5% of the shares in Davie Yards inc. Davie Holding AS' ownership in Davie Yards Inc. have been reduced from 71.9% to 24.3%.

On the balance date Offshore Holding AS owned 13.5% of Davie Yards Inc. and 71.4% of Davie Holding AS (former Davie Yards ASA) which in turn owned 24.3% of Davie Yards Inc. As of 30th June, Offshore Holding AS also owned 11.7% of Ocean Hotels Plc.

The share offering has reduced TECO's indirect ownership in Davie Yards Inc. from 7.1% to 4.3%.

The completion of the share offering did not materially affect the valuation of TECO's shares in Offshore Holding AS. The value of TECO's shares in Offshore Holding AS is booked at a value of MNOK 12.7, up from MNOK 12.0 in the 1st Quarter, giving a revaluation surplus of MNOK 3.3, compared to the historical cost price of the shares. The revaluation surplus is shown on a separate line under Equity in the Balance Sheet.

OTHER EVENTS AFTER THE END OF 2ND QUARTER

The subsidiary in Singapore has in the 3rd quarter outsourced its “Fire Rescue and Safety” (FRS) products and services. The subsidiary is now located in a smaller office and the number of employees has been reduced by five. The overall focus for Singapore is now on Marine Electronics and Tank Cleaning.

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

PROSPECTS AHEAD

The Board has a positive view on the future.

TECO Maritime ASA's group of companies are established in Oslo, Porsgrunn, Bergen, Rotterdam, Dubai and Singapore, as well as having an education facility for ship's crew and specialists in Varna, Bulgaria and a crewing office in Gdansk, Poland. In addition, a mechanical workshop for servicing and maintaining our own equipment has been established in Fujairah, UAE.

The market and opportunities going forward supports growth in activity long term and TECO's success will be subject to successfully selling and delivering its services worldwide and meet customers expectation on quality and efficiency. An increased focus on maintenance as well as stricter regulations imposed by the ship classification societies will lead to an expansion of the potential market.

The current financial market situation, which we have seen has had effect on some of our customers delaying start-up of new projects, may continue to delay start-ups and even lead to cancellation of ongoing projects.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period January 1 to June 30, 2009 has been prepared in accordance with IAS 24 - Interim Financial Reporting, and gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Lysaker, 27 August, 2009

Tore Enger
Chairman of the Board
(sign.)

Eva Kristensen
Board member
(sign.)

Gustaf Christensen
Board member
(sign.)

Christian Fr. Thyholdt
CEO
(sign.)

Profit & Loss statement

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q2	Q2	H1	H1	1.1 - 31.12
Operating Revenues	56 689	40 667	96 690	79 531	189 479
Cost of Goods sold	(29 745)	(22 145)	(52 150)	(43 115)	(95 592)
Other operating Expenses	(20 334)	(21 423)	(44 274)	(42 599)	(92 073)
EBITDA	6 610	(2 901)	266	(6 183)	1 814
Depreciation	(2 592)	(2 174)	(5 155)	(4 393)	(9 346)
Goodwill impairment	-	-	-	-	(10 300)
Operating result (EBIT)	4 018	(5 075)	(4 889)	(10 577)	(17 832)
Net finance + / (-)	(123)	(829)	(1 495)	(1 441)	(3 403)
Earnings before tax	3 896	(5 904)	(6 384)	(12 017)	(21 235)
Estimated taxation on ordinary result	(1 534)	1 304	767	2 936	1 186
Net Profit (Loss)	2 362	(4 600)	(5 617)	(9 081)	(20 049)
Total number of shares issued at the end of the period	32 453 464	32 453 464	32 453 464	32 453 464	32 453 464
Total number of own shares at the end of the period	-	-	-	-	-
Average number of shares outstanding during the period	32 453 464	32 488 120	32 453 464	32 523 353	32 488 218
Earnings per share	0,07	(0,14)	(0,17)	(0,28)	(0,62)
Diluted earnings per share	0,07	(0,14)	(0,17)	(0,28)	(0,62)

Balance Sheet

(Unaudited)

Figures in NOK 1 000	2009	2008	2008
	30.6	30.6	31.12
Intangible fixed assets	3 486	4 905	2 301
Tangible fixed assets	32 319	29 210	35 065
Financial capital assets	12 933	51 245	11 313
Goodwill	55 533	65 833	55 533
Total fixed assets	104 271	151 193	104 212
Inventories	37 577	35 933	35 872
Current receivables	46 282	52 316	55 837
Cash and bank deposits	3 540	5 324	6 031
Total current assets	87 399	93 573	97 740
TOTAL ASSETS	191 671	244 766	201 952
Paid-in capital	96 454	95 057	96 454
Revaluation surplus	3 268	41 580	1 648
Other equity	19 981	36 474	26 270
Total equity	119 703	173 111	124 372
Provisions	943	1 245	1 008
Long term liabilities	16 977	20 599	17 149
Current liabilities	54 048	49 812	59 424
Total liabilities	71 968	71 655	77 580
TOTAL EQUITY AND LIABILITIES	191 671	244 766	201 952

Cash Flow Statement

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q2	Q2	H1	H1	1.1 - 31.12
Cash flow from operating activities	4 759	27	1 569	2 354	13 916
Cash flow from investing activities	(1 515)	(2 534)	(2 410)	(10 938)	(21 662)
Cash flow from financing activities	(2 947)	(2 498)	(1 651)	4 393	4 262
Net change in cash etc	297	(5 004)	(2 491)	(4 191)	(3 484)
Cash etc at the start of the period	3 243	10 328	6 031	9 516	9 516
Cash etc at the end of the period	3 540	5 324	3 540	5 324	6 031

Changes in Equity

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q2	Q2	H1	H1	1.1 - 31.12
Equity at the start of the period	116 392	186 155	124 372	199 104	199 104
Net Profit (Loss)	2 362	(4 600)	(5 617)	(9 081)	(20 049)
Cost of share issue (net tax)	-	-	-	-	(266)
Net repurchase / sale of own shares	-	(845)	-	(845)	(845)
Revaluation	761	(7 567)	1 620	(16 075)	(56 007)
Foreign currency translation, net	188	(33)	(671)	9	2 435
Equity at the end of the period	119 703	173 111	119 703	173 111	124 372

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.

TECO Maritime ASA

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NOTES TO THE FINANCIAL STATEMENT - Unaudited

Note 1 - Statement of compliance

These interim financial statements have been prepared in accordance with international Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at, and for, the year ended December 31, 2008.

Note 2 - Significant accounting principles

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at, and for, the years ended December 31, 2008. The 2008 financial statement can be obtained in printed form from TECO Maritime ASA, or downloaded from the Internet at: www.tecomaritime.com.

Note 3 - Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in preparing these interim financial statements in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for, the year ended December 31, 2008.

Note 4 - Segment information

The Group's activities are divided into two reporting segments; *Coating activities* and *Ship Service activities*.

	Operating Income				Earnings before tax			
	2009 Q2	2008 Q2	2009 1.1-30.6	2008 1.1-30.6	2009 Q2	2008 Q2	2009 1.1-30.6	2008 1.1-30.6
(Amounts in MNOK)								
Coating activities	39.8	24.9	62.6	48.9	6.9	-6.8	-0.7	-12.5
Ship Services activities	16.9	15.8	34.1	30.6	-1.7	0.9	-4.8	0.5

Note 5 - Loans

In March TECO converted its long term NOK loan into a MUSD 1.75 loan. The loan is to be repaid over 3 years with quarterly instalments of MUSD 0.15. First instalment was paid in June. The loan has a floating interest rate. As per June 30, the interest rate was 3.862 % including the banks margin.

The Group has to have a positive EBITDA of minimum MNOK 3.0 in both 2nd quarter and 3rd quarter in order to be in compliance with the EBITDA covenant of the loan agreement. This level increases to MNOK 4.5 in the 4th quarter.

Note 6 - Related party transactions

Three of the Company's largest shareholders, Chairman Tore Enger, CEO Christian Fr. Thyholdt and Commercial Director Bjarne Eia, own indirectly 78.4 %, 9.8 % and 9.8 % of TECO Group AS respectively. TECO Group AS is the Company's third largest shareholder. TECO Management AS is a 100 % owned subsidiary of TECO Group AS. All transactions with related parties are made at market rates.

Net purchase and sale of goods and services (Amounts in MNOK)	1.1.-30.06. 2009	1.1.-30.6. 2008
TECO Group AS		-
TECO Management AS	0.13	0.12
<hr/>		
Balance at the end of the reporting period (Amounts in MNOK)	2009	2008
Net receivables		
TECO Group AS	-	-
TECO Management AS	0.07	0.40
Net payables		
TECO Group AS	-	0.02
TECO Management AS	-	0.18

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