



TECO MARITIME ASA

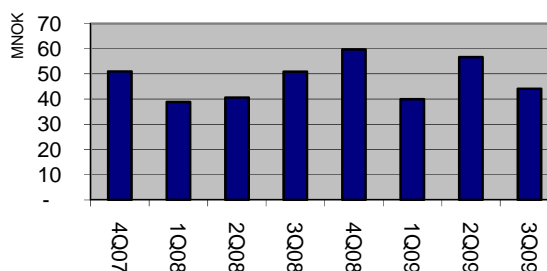
Report – 3Q 2009

26 November 2009

Statutory Results for 3Q 2009

- The total operating revenue in the 3Q was MNOK 44.2 (MNOK 50.8).
- **TECO Coating Service activities** contributed with MNOK 29.1 (MNOK 32.2) of which:
 - MNOK 22.8 (MNOK 25.7) was from voyage based projects.
 - MNOK 2.2 (MNOK 1.6) was from onshore projects.
 - MNOK 4.1 (MNOK 4.9) was from sub-invoicing of goods purchased on behalf of customers.
- **TECO Ship Service activities** contributed with MNOK 15.1 (MNOK 18.6) in turnover.

Revenues per quarter



Earnings

Pre tax earnings in the 3Q were MNOK -5.0 (MNOK -0.5).

Assets

The company's total assets as of 30th September were MNOK 182.1 (MNOK 207.3).

The total equity as of 30th September was MNOK 113.4 (MNOK 131.2).

3rd Quarter information

The Board is not satisfied with the 3Q result.

There are several reasons for the weak operating revenues both in the Coating Activity and Ship Service segments.

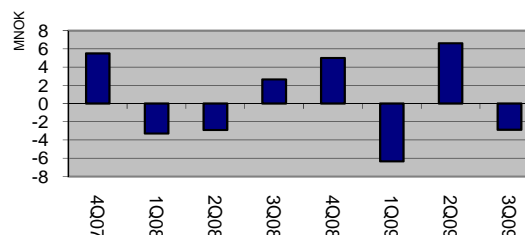
The Coating Activities has continued to experience challenges with respect to gaining new contracts especially in the voyage market. The financial crises, with its impact on freight rates, is still the reason

given by several ship owners for why they choose to postpone planned projects and even terminate ongoing projects sooner than planned. The offshore market on the other hand continues to show growth and several new contracts has been signed. See "Events after the end of 3Q" for more information.

The Ship Service activities have had a weak quarter. As reported in 2Q, the Ship Service Activities continues to experience a lower demand for their services and products. It is clear that ship owners have become more focused on short term cash flow and thus delaying projects that are not critical to the ships operation. Several steps have been taken to reduce costs in this segment.

In August the subsidiary in Singapore discontinued its "Fire Rescue and Safety" (FRS) products and services and has relocated to a smaller office with a reduced staff. Full effect of the cost reduction is expected from 4Q 2009.

EBITDA per quarter



Other currency adjustments accounts for approx. MNOK 1.4 of the result and is booked as an increase of other operating expenses. This is mainly due to the drop in the EUR/NOK and USD/NOK exchangerate in 3Q.

Currency adjustments on long term debt are booked under Net finance as a gain of MNOK 0.9.

TECO is in breach with the EBITDA covenant in the loan agreement with SEB Privatbanken. More information is given under "Events after the end of 3Q".

Segments

Coating Activities

The Coating activities represent 66% (63%) of the total group turnover in 3rd 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 34% (37%) of the total group turnover in 3rd 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.



Shares in Offshore Holding AS

As of 30th September TECO Maritime ASA owns 13.75% in Offshore Holding AS.

In the 3Q Offshore Holding AS completed a share issue of MNOK 10.0 towards all its shareholders. All shareholders participated with their part of the share issue and thus there are no changes in the ownership structure for Offshore Holding AS.

TECO's part of the subscription was MNOK 1.4. The Board of TECO decided to participate in the share offering after securing a loan from TECO Management AS of MNOK 1.4. The loan from TECO Management runs for two years at an interest rate of 5% p.a. The loan may be repaid earlier if TECO sells shares in Offshore Holding, or receives dividend, of a total value of minimum MNOK 2.0.

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 11.6, down from MNOK 12.7 in the 2nd Quarter, giving a revaluation surplus of MNOK 0.8, compared to the historical cost price of the shares. The revaluation surplus is shown on a separate line under Equity in the Balance Sheet.

For detailed information on Offshore Holding's shareholdings, please see TECO's 2Q 2009 report.

Events after the end of 3Q

TECO is in breach with the EBITDA covenant in the loan agreement with SEB Privatbanken. On 30th October, the credit facility of MNOK 9.0 in SEB Privatbanken was due for renewal. This has not been formally renewed but SEB Privatbanken is currently in the process of reviewing the covenants for the loan agreements together with the credit facilities. The delayed renewal process has not had any practical impact on TECO's finances. The dialogue with the bank has been constructive, and we expect to reach an agreement shortly.

In November TECO Coating Services AS started up two major projects on semi submersible offshore-rigs. The total value of these two projects is app. MEUR 1.7.

After the end of 3Q, the Nederland subsidiary has discontinued its FRS services. Most of the employees were employed by a new ship service company; which also purchased TECO's stock and equipment at booked value. Any financial savings from the discontinuation will not materialize until 1Q 2010.



Prospects ahead

The Board has a positive view on the future regarding the Coating Activities. The Board is still concerned about the Ship Service activities. Two of the subsidiaries have a positive trend, but the other subsidiaries are still struggling. As described in the "Events after the end of 3Q" the FRS activity in Nederland has been discontinued. The Nederland subsidiary will focus mainly on Marine Electronic and Chemicals.

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 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.

Lysaker, 25th November, 2009

The Board of TECO Maritime ASA

Profit & Loss statement

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q3	Q3	YTQ3	YTQ3	1.1 - 31.12
Operating Revenues	44 172	50 835	140 862	130 366	189 479
Cost of Goods sold	(24 626)	(24 645)	(76 776)	(67 760)	(95 592)
Other operating Expenses	(22 411)	(23 433)	(66 685)	(66 032)	(92 073)
EBITDA	(2 866)	2 757	(2 599)	(3 426)	1 814
Depreciation	(2 575)	(2 216)	(7 730)	(6 610)	(9 346)
Goodwill impairment	-	-	-	-	(10 300)
Operating result (EBIT)	(5 441)	541	(10 330)	(10 035)	(17 832)
Net finance + / (-)	457	(1 001)	(1 038)	(2 442)	(3 403)
Earnings before tax	(4 984)	(460)	(11 368)	(12 477)	(21 235)
Estimated taxation on ordinary result	1 637	(487)	2 404	2 449	1 186
Net Profit (Loss)	(3 346)	(947)	(8 964)	(10 029)	(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	32 453 464	32 453 464	32 499 887	32 488 218
Earnings per share	(0,10)	(0,03)	(0,28)	(0,31)	(0,62)
Diluted earnings per share	(0,10)	(0,03)	(0,28)	(0,31)	(0,62)

Balance Sheet

(Unaudited)

Figures in NOK 1 000	2009	2008	2008
	30.9	30.9	31.12
Intangible fixed assets	5 441	4 533	2 301
Tangible fixed assets	30 122	31 140	35 065
Financial capital assets	11 791	10 700	11 313
Goodwill	55 533	65 833	55 533
Total fixed assets	102 888	112 206	104 212
Inventories	35 978	36 052	35 872
Current receivables	41 200	55 320	55 837
Cash and bank deposits	1 993	3 712	6 031
Total current assets	79 171	95 084	97 740
TOTAL ASSETS	182 058	207 290	201 952
Paid-in capital	96 454	94 647	96 454
Revaluation surplus	755	1 035	1 648
Other equity	16 203	35 554	26 270
Total equity	113 412	131 236	124 372
Provisions	1 061	1 510	1 008
Long term liabilities	14 245	19 134	17 149
Current liabilities	53 341	55 409	59 424
Total liabilities	68 647	76 054	77 580
TOTAL EQUITY AND LIABILITIES	182 058	207 290	201 952

Cash Flow Statement

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q3	Q3	YTQ3	YTQ3	1.1 - 31.12
Cash flow from operating activities	1 165	4 760	2 848	7 113	13 916
Cash flow from investing activities	(378)	(4 147)	(2 788)	(15 085)	(21 662)
Cash flow from financing activities	(2 334)	(2 225)	(4 098)	2 169	4 262
Net change in cash etc	(1 547)	(1 612)	(4 038)	(5 803)	(3 484)
Cash etc at the start of the period	3 540	5 324	6 031	9 516	9 516
Cash etc at the end of the period	1 993	3 712	1 993	3 712	6 031

Changes in Equity

(Unaudited)

Figures in NOK 1 000	2009	2008	2009	2008	2008
	Q3	Q3	YTQ3	YTQ3	1.1 - 31.12
Equity at the start of the period	119 703	173 111	124 372	199 104	199 104
Net Profit (Loss)	(3 346)	(947)	(8 964)	(10 029)	(20 049)
Cost of share issue (net tax)	-	(295)	-	(295)	(266)
Net repurchase / sale of own shares	-	-	-	(845)	(845)
Revaluation	(2 513)	(40 545)	(893)	(56 620)	(56 007)
Foreign currency translation, net	(432)	(87)	(1 103)	(78)	2 435
Equity at the end of the period	113 412	131 236	113 412	131 236	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.

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