



OLYMPIC

www.olympic.no



RAPPORT 3. KVARTAL 2016
Q3 REPORT 2016

BEST OPERATING PRACTICE



In 2013, we joined the Global Compact program and this was an important step for us to green our business, harmonize our company in a tendency that is changing definitely into a more sustainable and friendly way of doing business.

Since then, we have approved new policies, as examples Policy for Social Responsibility and Equal Opportunity, Anti-bribery & Corruption Policy Statement, where we are committed to doing business with great transparency and to fight against any form of corruption.

We, more and more, integrate in our business sustainability strategies that are to preserve the environment and conserve natural resources, build social equity, support employee well-being and promote fair trade, maximize long-term profitability and promote growth.

Olympic Shipping has dedicated itself to face the challenges of operating environmentally friendly with long-term sustainability goals to make a positive impact and deliver lasting benefits to people, communities and markets everywhere.

We aim to achieve a holistic way of doing business sets equal emphasis on the planet, people and profit. We have voluntarily integrated social and environmental issues in our business models and daily operations through the adoption of related corporate policies and this work will continue in 2017.

Fosnavåg 26/01/2017,

A handwritten signature in blue ink, appearing to read "Stig Remøy", is written over a large, stylized blue circular mark.

Stig Remøy
CEO and President

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Olympic Ship AS ("Company") reports consolidated net revenues of MNOK 832 (MNOK 1 199 in 2015) for the first three quarters of 2016. Earnings before interest, tax & depreciation (EBITDA) was MNOK 326 and 39% (MNOK 581 and 48%) and net profit after tax was MNOK -1 172 (MNOK 42).

For the third quarter the company achieved revenues of MNOK 246 (MNOK 410) and EBITDA of MNOK 80 and 33% (MNOK 233 and 57%). Net Income was MNOK -593 (MNOK -52).

GENERAL INFORMATION

The interim financial statement is prepared in accordance with IFRS rules. Comparison numbers for 2015 are also prepared in accordance with IFRS. The report should be read in conjunction with the annual report for 2015 as the accounting principles used in the annual report are also applied to the preliminary report. Figures in parentheses are from the corresponding first half of 2015.

PROFIT & LOSS STATEMENT PER 30.09.16

Olympic Ship AS had net operating revenue of MNOK 832 (MNOK 1 199) for the period. The operating costs amounted to MNOK 505 (MNOK 617). Earnings before interest, taxes & depreciation (EBITDA) was MNOK 326 (MNOK 581). The company's EBITDA margin was 39% (48%) for the period. Operating profit after depreciation and write-downs was MNOK -785 (MNOK 357). Depreciation was MNOK 251 (MNOK 207) and write-downs of MNOK 860 (MNOK 15), total MNOK 1 111 (MNOK 222). Net financial items were MNOK -387 (MNOK -315), which resulted in net profit after tax being MNOK -1 172 (MNOK 42).

The Company had four ships less in operation during the period compared with the same period in 2015. The reduced activity decreased revenues and costs. During the period, three vessels had yard stay with dockings, compared with seven in the same period in 2015. Operating expenses and net financial costs were higher in the current period because of write-downs.

BALANCE SHEET PER 30.09.16

Total assets for the group amounted to NOK 7,7 bn (NOK 9,5 bn). Fixed assets were NOK 7,1 bn (NOK 8,4 bn) of which vessels amounted to NOK 7,0 bn (NOK 8,2 bn). Current assets amounted to NOK 0,6 bn (NOK 1,1 bn) of which cash was MNOK 251 (MNOK 354).

Total equity amounted to NOK 1,8 bn (NOK 3,1 bn), corresponding to an equity ratio of 23% (33%).

The interest-bearing debt related to the long-term financing of the fleet amounts to NOK 4,9 bn (NOK 5,2 bn). In addition, the company has net bond obligations amounting to MNOK 690 (MNOK 688). Short-term debt, excluding current liability of long-term debt and bonds, amounted to MNOK 254 (MNOK 447). Working capital of the company was MNOK -839 (MNOK 124) at end of the period.

To be able to satisfy its commitments is dependent on that the company obtains adjustment to repayment profile with financial creditors. The Company is in advanced discussions with creditors and investors to secure sufficient cash position for the current market.

FLEET

By end of the period the fleet consisted of the following vessels:

Type	I drift / In Operation	I opplag / Laid Up	Management	Sum / Total
PSV	2	1	1	4
AHTS	3	1	-	4
MPSV	3	1	-	4
Subsea	8	1	-	9
OCV	2	-	-	2
Sum / Total	18	4	1	23

The group owns minority shares in 1 PSV vessel which is under management of the group.

QHSE

Olympic provides broad and systematic QHSE work to secure safe, effective and environmentally friendly operations. There were no serious injuries or serious emissions to report during the period.

MARKET

For the Subsea and OCV market, where the Company mainly operates, the activity is low and affected by uncertainty. More of the Company's vessels are being laid up in Q4 due to expected continuing low demand going forward short- and medium-term.

FINANCIAL RISK

The Company's revenues are earned in NOK, USD, GBP and EUR, thus the group is exposed to currency fluctuations. This exposure is hedged partly by costs in the same currencies, and by hedging instruments in the currency markets.

The Company is also exposed to fluctuations in interest rates. This risk is well covered through fixed interest rates for part of the long-term debt in the group.

Overview of Principles of human rights

1 – Assessment, Policies and Goals

In July 2014, Olympic created and approved the Human Rights policy, as follows:

Olympic Shipping AS and related companies (hereafter Olympic) support the ten principles of UN Global Compact with regards to human rights, labour rights, environment and anti-corruption.

This policy applies for everyone who works for, or on behalf of Olympic. The CEO, Captains and Department Managers on- and offshore are responsible to ensure compliance of this Policy across Olympic.

Suppliers, contractors, and joint venture partners working for Olympic in any capacity must act consistently with Olympic's values and compliance standards.

Human Rights:

All business in Olympic shall respect and protect internationally proclaimed human rights and make sure the company are not complicit in any human right abuses.

As a responsible employer, Olympic is committed to complying with relevant national statutory requirements and legislation.

2 – Implementation

This policy shows the commitment of the Company to act pro-actively in the challenge that is dealing with the protection of human rights in the corporate environment.

Conduct Code

Olympic is planning for 2017 a conduct code that will be prepared with many criteria of human rights, as for example, harassment and discrimination, diversity, equality, freedom of expression, equal opportunities and discrimination in the workplace.

This Code of Conduct will be discussed with all employees in meetings, trainings, inductions, etc. Also it will be released for the other groups of relationship, such as suppliers, shareholders and Government authorities. The conduct code will be published in internal magazine, company's Intranet, web site and on every channel possible.

Conflict mediation mechanisms

Olympic has established complaint procedures forms to identify and mitigate conflicts or human rights violations committed within the work environment.

These complaints can, in a first moment, be sent to the DPA, a Designated Person Ashore (DPA) who is the person appointed to provide a link between the Company and the vessels with direct access to the highest level of management and to the crew. The DPA/MR has the

independence, authority and responsibility to report deficiencies, performance, effectiveness and needs for improvement of the management systems to the Company's top management.

The DPA determines how complaints will be investigated and treated.

3 – Measurement of Results

Goals and targets will be included in the QHSE Plans and evaluated in the annual management review.

Management review is a detailed report with information on the performance of programs and policies. Is the continuous monitoring of indicators that give the warning sign regarding the problems that must be faced by managers.

Overview of Labour Rights

1 – Assessment, Policies and Goals

In July 2014 was created and approved the Labour Rights policy of Olympic Shipping AS. This policy is detailed below:

Olympic Shipping AS and related companies support the ten principles of UN Global Compact with regards to human rights, labour rights, environment and anti-corruption.

This policy applies for everyone who works for, or on behalf of Olympic. The CEO, Captains and Department Managers on- and offshore are responsible to ensure compliance of this Policy across Olympic.

Suppliers, contractors, and joint venture partners working for Olympic in any capacity must act consistently with Olympic's values and compliance standards.

Labour Rights:

Olympic respects the freedom of association and the right to collective bargaining.

Olympic supports elimination of forced, compulsory and child labour. The business shall not in any way benefit from this.

It is the policy of Olympic that all employees will be provided with a workplace free of discrimination, harassment and victimization and treated with dignity, courtesy and respect.

In all workplace practices and in the provision of goods and services, Olympic is committed to ensure that regardless of gender, race, colour, disability (physical, intellectual or mental), religion, age, sexual preference, family responsibilities, pregnancy, political beliefs, national/ethnic origin, labour union activity or marital status, individuals or groups will not be treated unfairly or be disadvantaged.

2 – Implementation

In our point of view, one of the main ways to meet the labour rights in our business is to meet and comply with all applicable laws, rules and regulations. Also, together with other businesses, funding and encouraging strategic social investments to promote public policies that support social sustainability in our community.

Olympic is member of the Norwegian Shipowners Association follows their collective bargaining agreements.

Besides of the maritime laws, Olympic Shipping AS adheres to all applicable laws for operating in Norway. All updated laws and regulations are found at website www.lovdatab.no.

Maritime Labour Convention

The implementation of the MLC 2006 was completed in August 2013 and is an important improvement to systemize labour rights for seafarer worldwide. Most of the aspects of this were already in place through the collective bargaining agreements and Norwegian Legislation, but it contributed to some systematic improvements.

ISO standards

In addition to ISM code; Olympic Shipping Total Management system procedures also complies to:

ISO 9001:2008 Quality Management System

ISO 14001:2004 Environmental Management system

DnV Class Rules and Regulations

Local laws and regulations

Bahamas laws and regulations

Brazilian laws and regulations

3 – Measurement of results

The Company has an exhausting evaluation and review system, as follow:

Audit review meetings

Formal review

Other reviews

Company Internal Audits

Technical Inspections

External Audits

Overview of Anti-corruption principles

1 – Assessment, Policies and Goals

In our first year as a member of the Global Compact and as a first step, the company, in July 2014 created and approved a policy to support the ten principles of UN Global Compact as follows:

“Olympic Shipping AS and related companies (hereafter Olympic) support the ten principles of UN Global Compact with regards to human rights, labour rights, environment and anti-corruption.

This policy applies for everyone who works for, or on behalf of Olympic. The CEO, Captains and Department Managers on- and offshore are responsible to ensure compliance of this Policy across Olympic.

Suppliers, contractors, and joint venture partners working for Olympic in any capacity must act consistently with Olympic’s values and compliance standards.

Anti-corruption

Business in Olympic shall be conducted in a fair and transparent manner.

Activities shall be in compliance with all applicable laws and regulations that prohibit corruption, bribery and extortion.

The Company will do its utmost to support anti-corruption behavior.

Everyone in Olympic has a responsibility to report any appearance of dishonesty and corruption to the appropriate level.

The Norwegian Working Environment Act regulates and protects the employees’ right to act as a Whistleblower.

We extend this right as a policy to all areas across Olympic”.

In 2015, Olympic approved a new anti-bribery and corruption policy:

Olympic Shipping AS and its subsidiaries (collectively 'the Company') embrace the highest standards of honesty, ethics and integrity and do not tolerate, permit, or engage in bribery, corruption, or improper payments of any kind in our business dealings, anywhere in the world, both with public officials and people in the private sector.

The Company policy is to abide by all laws applicable to the jurisdictions in which it operates.

The Company expects both its employees and anyone doing business on its behalf to comply with all applicable laws.

We are committed to the following principles:

- We will carry out business fairly, honestly and openly.*
- We will avoid doing business with others who do not commit to doing business without bribery.*
- We are committed to a program to counter the risk of the company being involved in bribery.*
- We will not use intermediaries or contractors for the purpose of committing acts of bribery.*
- We will not give or offer any money, gift, hospitality or other advantage to any person carrying out a business or public role, or to a third party associated with that person, to get them to do something improper.*
- We will not give or offer any money, gift, hospitality or other advantages to any foreign public official with the intention of influencing them to our business advantage.*

- *We do not allow personnel (employees and or contractors) to accept money, gifts, hospitality or other advantages from business associates, actual or potential suppliers, or service providers which are intended to influence a business decision or transaction in some improper way.*
- *An employee found to be in breach of this policy and its principles may face disciplinary action.*
- *Any concerns relating to a breach of this policy should be reported to the Designated Person Ashore.*
- *No employee will suffer demotion, punishment or other adverse consequence for refusing to pay bribes, even if it may result in the company losing business.*

These policies give us improved tool to deal with anti-corruption issues.

It is the company, thus implement specific programs for the consolidation of these values and principles, making these clear for several segments, such as employees, suppliers, shareholders, competitors, etc. We must above all build sustainably integrity values, which presupposes the development of a set of rules and institutions that define ethical and behavioral standards. Ethical values must therefore be one of the pillars of the construction of a system of corporate integrity. To consolidate our anti-corruption policy, the next step is the preparation of a code of conduct, establishing ethical values to be followed.

Through this code of conduct, not only the agents acting on behalf or in the name of Olympic, but also all other stakeholders can take cognizance of the principles, values, norms and forms of activity of the company.

In 2017, Olympic is preparing a code of conduct that will be prepared and approved, from there:

- this code will be published in various channels, as a meeting of leaders, trainings, inductions, institutional magazine, web site, etc;
- the code of conduct should be released, also for the other groups of relationship, such as suppliers, shareholders and Government authorities;
- the code of conduct should be released in the company's Intranet;
- presentation of the results from the implementation of the conduct code.

2 – Implementation

The existence of standards that feature on ethics, by itself, does not guarantee the ethical behavior. It must be disclosed and monitored in the Company, so the rules of conduct can be known and well understood by all who serve.

In a first moment, the company will use as a direct channel between the Company's management and the employees, a Designated Person Ashore (DPA). The DPA will be responsible to collect complaints related to this topic. This person is educated and trained according to IMO guidance on Designated Persons and has full insight of the Company's policies.

3 – Measurement of results

Internal Control

Internal control is defined as the set of actions, methods, procedures and routines that an organization carries on its own actions, in order to preserve the integrity of your assets and examine the compatibility between operations carried out, the pre-set parameters, principles and agreed targets. Your goal is, therefore, reduce the vulnerability of the Organization to risks, seeking to identify and correct any deviations from the parameters and guidelines, including financial and accounting previously established. Therefore, have transparency as one of the bases for sustainable development confirms the company's commitments with an ethical management and guided by social interests. In this sense, Olympic has internal audit controls suitable for preventing and detecting acts of corruption. The company submits your accounts and its accounting statements the frequent audits and certification procedures.

Approved Suppliers

To help the Company works more effectively against corruption, Olympic is a member of the INCENTRA, a marine purchasing organization, who works as a consultant in the selection of the suppliers who obey the principles and policies in support of anti-corruption.

Olympic has also joined forces with 2 other offshore service companies to cooperate to audit common critical suppliers.

External Audits

As an example of external control, Olympic follows a rigid program of audits to ensure transparency in our business and consistency with the anti-corruption commitment, including periodic financial reviews undertaken by third party companies such as BDO Nor, the fifth largest accountancy network in the world, it carries out various annual audits in order to assess the financial health of the company and accurately map the use of its resources.

The company is also subject to others externals audits like:

Den Norske Veritas - DNV Audit, Peotram Audit, Port States, etc. We cite these various audits because we understand that each one of them contributes in some way to assess the transparency in the company's business, valuable anti-corruption principles are scattered inside the concepts that guide these audits.

Overview of Environmental Principles

1 – Assessment, Policies and Goals

Olympic has committed to face the challenges of operating responsibly and have different opportunities to make positive efforts to address environmental responsibilities. In 2015 the Company continued work to reduce emissions of gases into the atmosphere as a result of our operation. The results are below.

Olympic was certified towards the ISO14001 code in 2006 as one of the first offshore service vessel managements. In this process Olympic also established it's separate Environmental policy.

ENVIRONMENTAL POLICY

This policy shall apply to anyone engaged in any Olympic Shipping activities. All personell have a duty to act responsibly to prevent damage to the environment

We have a vision of zero emission to air and water from our activities.

We have a goal of zero spill to the environment.

We will continuously work to reduce environmental impact and risk related to our activities.

We will always work to improve our energy efficiency and environmental performance.

We will set specific environmental targets and improvement measures which shall be rewieved and audited annually.

We will comply with all applicable legislation and regulations and our own requirements for environmental aspects, including ISO 14001:2004.

We will be in the forefront in our business in environmental issues and strive to use best available equipment and techniques.

We will communicate the environmental policy and targets to all personnel involved in our activities and make our environmental policy available to the public on our web-site. Environmental aspects overview will be regularly reviewed as part of company's management review.

We will always have an overview of identified impact on the environment through regular and frequent reporting from the vessels.

The environmental policy has been reviewed in September 2015, but no changes have been suggested.

In order to achieve the environmental goals stated in the company policies and in the Total Management System, Olympic has set these Specials Goals to 2015:

- **Special follow up of KPI for NOX reducing measures;**
- **Continue work to influence customers and vessels to optimize operations with regards to fuel consumption;**
- **Continue the departments focus on technical development to reduce fuel consumption and the reduction of the emission of CO2 in 3%, the reduction of the emission of SOx in 3% and the reduction of the emission of NOx in 5%;**
- **Increase in the use of Urea with catalyzer;**
- **Continue implement software for evaluating Energy Efficiency on the vessels based on activity log in Unisea Daily Report;**

In addition to company targets, the top management has challenged all vessels to establish 3 targets for 2015, one for each subject Health/Safety, Environment and Quality. These are not included in this reporting, but was followed up and verified by QHSE department.

2 – Implementation

As a result of this Olympic has established a system for reviewing all environmental aspects of the operations and regularly review the aspects.

In addition the company holds an online database where all relevant environmental aspects are recorded to keep overview for each vessel and company.

Since the establishment of ISO14001, Olympic has performed an annual environmental review lead by the company's top management team.

The result of each review is to establish annual environmental targets for the company to reduce the environmental foot print.

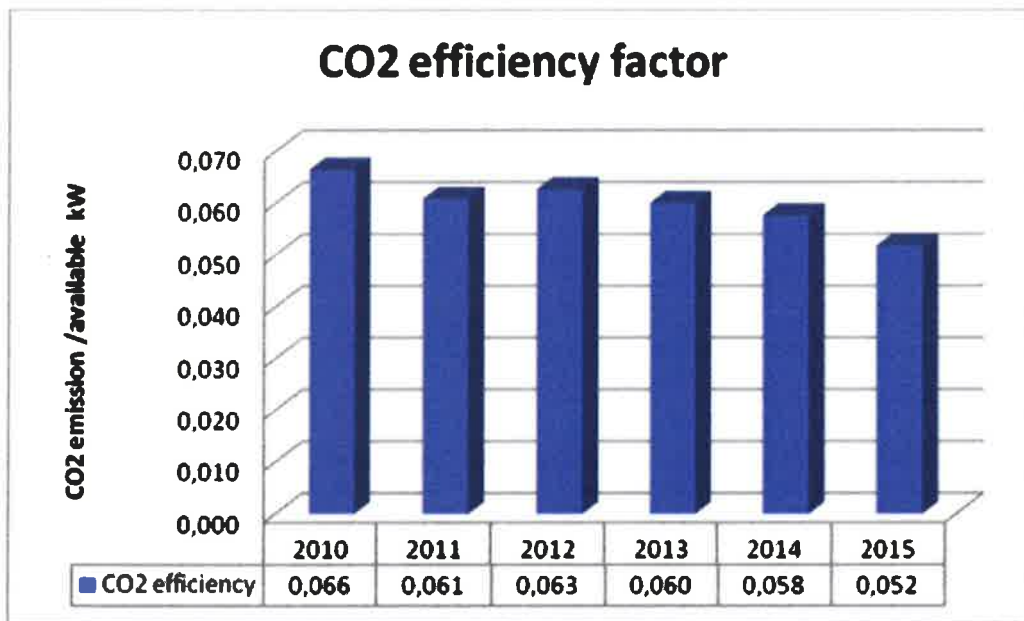
3 – Measurement of results

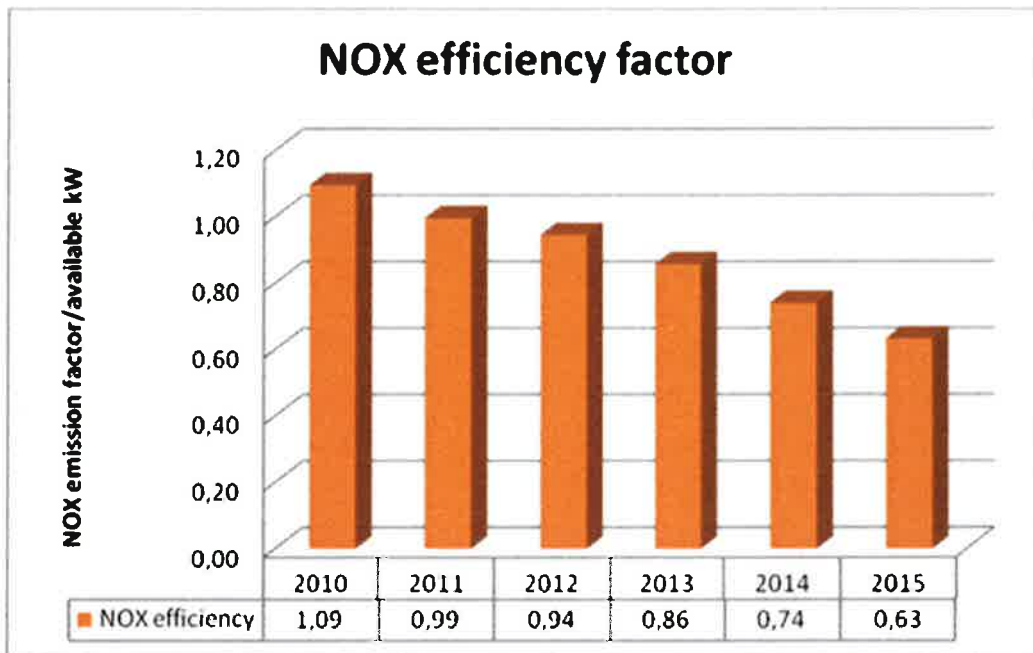
Olympic has understood that emission to air of CO2, SOX and NOX is the most critical environmental aspects of our operation. The focus has therefore been on reducing these. As an example the figures below shows the result of implementation of new technology in fleet segment called AHTS.

In 2015, Olympic had a target to reduce emissions to air by 3 % for CO2 and SOX and 5% for NOX compared to 2014. The achievements of results in 2015 are divided. CO2 and SOX shows about 10 % relative decrease of emission, but NOX is relatively reduced by 15 %. Regarding to

the 2 next graphs below, it's difficult to measure what reduction that have a result from investment and learning factors, and what related to lay-up of vessels in end 2015.

Key Performance Indicators Safety	Target 2015	Result
Environment		
Outlet CO2*	-3%	-10%
Outlet SOX*	-3%	-10%
Outlet Nox*	-5%	-15%
Use of Urea for vessels with catalyser	300 000 ltrs for fleet	324 195 ltrs





Eight vessels both operating in 2014 and 2015 have increased their CO2 Emission. Olympic analyses this to be mainly based on operation requirements and utilization. Some of the vessels that have decreased their consumption may be in lay-up. Olympic has to perform the jobs in a satisfactory way and respond to customers' requirements. Olympic's job is to optimize the fuel consumption based on our frame conditions, to challenge/inform of environmental/cost impact of operations and be innovative in introducing new solutions into our fleet.

USO OF UREA - With regards to NOX, the company set a KPI to use 300 000 liters of Urea to reduce NOX emission. Olympic was very clear that use of Urea should not only be done in NOX tax area. When company has done investments in NOX reducing equipment, this shall also be in operation.

As the KPI overview showed. Olympic used 324.195 liters of Urea on applicable vessels. Some important factors contributing to this positive development;

- Improved fuel efficiency by more effective engine and engine set-ups
- Use of engines with lower NOX emission values
- NOX reducing measures with increased use of Urea and LNG
- Improved awareness in running vessels environmental friendly. The following graph shows the vessels who have reported increased consumption from charterer's request. We believe this report type is still not fully utilized in the company, and will work during 2016 to improve this.

We must also work commercially with clients to finance the use of urea and to change the NOX tax refund regime to support environmental friendly operations outside today's defined areas. Environmental aspects are updated on yearly basis.

This to be more detailed in the sub-aspects and what regulations/conventions the different environmental aspects refer to.

Unisea 14001 is the software where the organization keeps all environmental records. The system is well implemented and there are 7647 records in 2015.

This comes in addition to the about 8000 daily fuel record from the vessels.

Another focus area in 2015 has been effective use of bilge water separator. Statistics showed that many vessels had very high shore based delivery of bilge water and low production. Delivery to shore is a little environmental efficient way of handling this and also very costly in many areas. This is a complex matter where vessels have different frame condition.

We recognize very good result of this work.

The work to improve process and awareness should continue in 2016.

